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SECRETARY PERRY'S VISIT TO CHINA

16-19 OCTOBER 1994

EVENTS BOOK

SCOPE PAPER
SCHEDULE

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SECDEF OCTOBER CHINA TRIP--PRELIMINARY SCHEDULE (10/12)

Sunday, October 16

- 1055 Arrive Beijing Capital Airport--greeted by PLA DCGS Li Jing (escort)
- 1120 Depart airport for Ambassador's Residence (selected party)
- 1150 Working lunch with Amb Roy and country team (selected party)
- 1315 Country team meeting at Embassy (selected party)
- 1430 Meet with US Marines/DAO at Embassy courtyard
- 1445 Depart for Diaoyutai Guesthouse
- 1530 Rest at Guesthouse
- 1645 Welcome ceremony at Military Museum (entire party)
- 1800 Welcome dinner hosted by MND Chi Haotian (entire party)

Monday, October 17

- 0730 Breakfast hosted by Vice Premier/FM Qian Qichen
- 0900 Plenary with MND Chi Haotian (policy subgroup) (2 hours)
- 1200 Working lunch with COSTIND Minister Ding Henggao (def conv gp)
- 1400 Joint Defense Conversion Commission meeting (def conv gp) (2 hours)
- 1750 Private meeting with Liu Huaqing (private)
- 1830 Small dinner with Liu (selected party)

Tuesday, October 18

- 0830 Breakfast with US business community (entire party)
- 1000 Speech at PLA NDU (entire party)
- 1130 End speech/visit to NDU
- 1200 Quiet Lunch hosted by VFM Liu Huaqiu (very small)
- 1400 Call on Premier Li Peng (selected party)
- 1750 Press Conference
- 1845 Dinner hosted by SECDEF--Shangri-la Hotel (entire party)

Wednesday, October 19

- 0745 Depart Guesthouse for Nanyuan Military Airport
- 0830 Depart for Wuhan on PLAAF aircraft (entire party)
- 1015 Arrive in Wuhan
- 1100 Meet with President Jiang Zemin
- 1200 Lunch hosted by GEN Li Xilin
- 1410 Depart Wuhan for Chongqing on PLAAF aircraft
- 1520 Arrive Chongqing
- 1620 Ceremony/speech at Stilwell Institute (Nancy Stilwell--daughter)
- 1715 Conclude ceremony and depart for airport
- 1800 Depart Chongqing for Manila on SECDEF aircraft (pre-positioned at CQ)

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CALL ON PREMIER LI PENG

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PRESS CONFERENCE

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RETURN BANQUET HOSTED BY SECDEF

O

FAREWELL CALL BY MND CHI HAOTIAN

P

CALL ON PRESIDENT JIANG ZEMIN IN WUHAN

Q

LUNCH IN WUHAN

R

WWII COMMEMORATION IN CHONGQING

S

~~SUPPLEMENTARY TALKING POINTS~~

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ARRIVAL AT AIRPORT

TIME: 1055, Sunday, Oct 16

PLACE: Beijing Capital Airport

SCENARIO: As SECDEF and Mrs. Perry deplane, PLA DCGS General Li ("LEE") Jing and Madame Jiang ("CHIANG") (your escorts throughout the visit), Ambassador and Mrs. Roy, Defense Attache BG Mike Byrnes and his wife, and other Chinese officials will be waiting at the bottom of the stairs. Dr. and Mrs. Perry and party will be escorted to the VIP room to be seated and welcomed by General Li. After about ten minutes of pleasantries, at 1120, SECDEF will take leave of General Li and get into the motorcade to go to the Ambassador's Residence for the working lunch with Ambassador and country team. Selected party will accompany, and Mrs. Perry will proceed on separate program. (Ambassador Roy and Li biographies follow.) There is no arrival statement.

OUR ISSUES:

In the VIP room, SECDEF can express thanks to General Li for the warm welcome and how he is very pleased to return to China once again and is looking forward to the next three days in Beijing, meeting Minister of Defense Chi Haotian and holding talks with senior PLA and government leaders.

PRC ISSUES:

General Li will welcome SECDEF and appreciates the difficulty of arranging a trip to China in SECDEF's very busy schedule. He will tell SECDEF that the PLA attaches great importance to SECDEF's visit, and that SECDEF should tell him if there is any desire to make adjustments to the schedule.

SECRETARY PERRY REMARKS

MARINE CORPS AWARD CEREMONY

I am so pleased to be with you in Beijing today; I have anticipated this visit to China for a long time. But, I am even more pleased to be able to present this award to Technical Sergeant Johnson, one of the many hard-working members of the DAO Beijing.

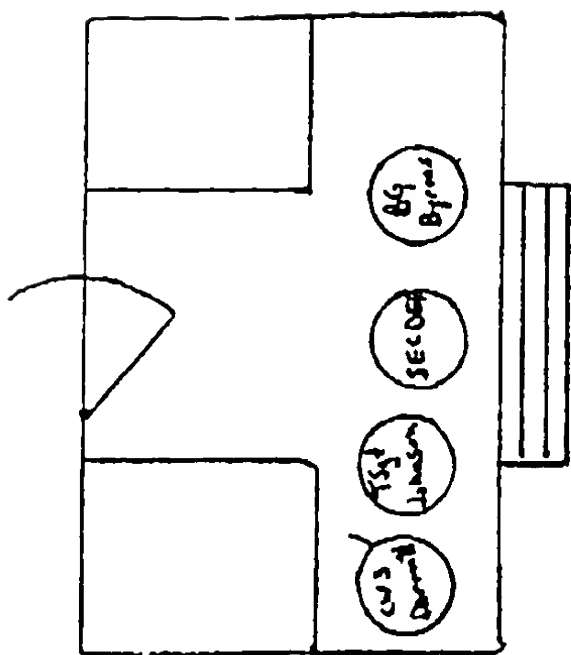
I know personally how hard you work in this corner of the world, and I know how difficult it has been for the DAO to prepare for my trip. As Secretary of Defense, I can say with confidence that our security policy in Asia, and especially our military relationship with China, would not be what it is without your efforts.

For the members of the Marine Security Guard—the Embassy and the American people appreciate your work in a difficult environment. I have met Marines around the world—I just came from the Gulf. And I can say that every one of you is an exemplary fighting man, wherever you are stationed.

We in Washington rely on you for your access to current information, your in-country expertise and your professional representation of our country while in China. We salute all of you.

I am proud to acknowledge the day-in and day-out efforts of one individual member of DAO Beijing and to present this award to Technical Sergeant Johnson. Thank you for your work here in Beijing.

Congratulations [FIRST NAME].



Marines

DAO

Other Onlookers

PLAN FOR AWARD CEREMONY AND SECDEF PHOTO OP

At 1415, the Marines and DAO sections form up into two small platoons (Marines to the left facing the door, DAO to the right). TSgt Johnson and CW3 Dermott will stand to the left of the front door of the embassy (looking at the embassy) facing out.

1. The SECDEF and BG Byrnes come out of the door and stop at the top of the steps.

2. BG Byrnes introduces the SECDEF to the assembled military personnel with brief remarks; asks CW3 Dermott to proceed with the ceremony.

3. "Attention to Orders" will be called by CW3 Dermott and both platoons will come to attention. CW3 Dermott reads the citation and the SECDEF will pin on TSgt Johnson's award.

4. The command "At Ease" will be given by CW3 Dermott. The SECDEF will make some brief remarks.

5. The SECDEF and BG Byrnes will come down the steps to meet the troops (photos will be taken).

6. Photos will be taken first with DAO, one with just DAO members and the SECDEF, one with DAO members, SECDEF, and the Ambassador.

7. Photos will then be taken with the Marines in the same manner - one with the SECDEF, one with the SECDEF and the Ambassador.

WELCOME CEREMONY

TIME: 1645, Sunday, Oct 16

PLACE: Military Museum

SCENARIO: SECDEF and entire party will participate in a review of the PLA honor guard troops from the three services in the plaza in front of the Military Museum about five minutes from the Diaoyutai State Guesthouse. Minister of National Defense Chi ("CHYRR") Haotian and his wife Madame Jian ("GEE-ANN") will greet Dr. and Mrs. Perry. SECDEF and Minister Chi will stand at the podium while the remainder of the party will be lined up below the podium on the right side of SECDEF facing the troops. A band will play to the left of the podium. When everyone is in place, both national anthems will be played. Then the honor guard captain in front of the troops will approach the podium and report that they are ready for inspection. Minister Chi and SECDEF will walk on the left diagonal red carpet toward the troops, then review the troops, with the honor guard captain as escort. After SECDEF and Minister Chi return to the podium via the right diagonal red carpet, the troops will double-time to the left out of sight. Then the band will strike up a stirring march music, and the troops will re-appear, goose-stepping past the podium, with salutes rendered by SECDEF and Minister Chi. After the troops pass the stand out of sight to the right, the ceremony is over. No speech is required, and the whole ceremony will take about ten minutes. The party then gets into the motorcade to return to Diaoyutai to await departure for dinner.

WELCOME DINNER HOSTED BY MINISTER CHI HAOTIAN

TIME: 1800, Sunday, Oct 16

PLACE: Great Hall of the People

SCENARIO: SECDEF and entire party will participate in the dinner. First SECDEF, Mrs Perry will be invited to a side room for tea and hot towel. Minister Chi will once again welcome SECDEF and Mrs Perry, and pleasantries will be exchanged. After about ten minutes, Minister Chi and Madame Jian will escort Dr. and Mrs. Perry to the dining room. After everyone is seated in the dining room and a few minutes pass, Minister Chi will rise at his chair to give an informal toast with no script. Everyone should stand and toast when the Minister says "Ganbay"—"bottoms up." A few minutes after Minister Chi's toast, SECDEF should rise at his chair to deliver an informal toast. The dinner will be largely non-substantive and should last no more than two hours. It will end when the Minister remarks to SECDEF that "it has been a long day and tomorrow is another busy day."

OUR ISSUES:

SECDEF could brief Minister Chi on what we believe to be the objectives of this trip:

- exchange views on regional issues
- look for ways to improve the military relationship
- exchange views on each other's strategic thinking
- discuss how to resolve bilateral problems
- convene the joint defense conversion commission with Minister Ding

PRC ISSUES:

Minister Chi is not known to engage in substantive discussions during social occasions. [

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EXECUTIVE SUMMARY

GENERAL ((XU)) HUIZI

DEPUTY CHIEF OF THE GENERAL STAFF

BORN IN 1932, XU JOINED THE PLA AFTER BEING CAPTURED AS A KMT SOLDIER IN 1948. HE PARTICIPATED IN COMBAT ACTIONS THROUGHOUT THE REMAINDER OF THE CIVIL WAR AND DURING THE KOREAN WAR. HE ROSE TO BECOME A COMPANY POLITICAL INSTRUCTOR BY THE END OF THE KOREAN WAR.

IN 1955 XU SWITCHED FROM POLITICAL TO OPERATIONAL AFFAIRS, BECOMING A REGIMENTAL DEPUTY CHIEF OF STAFF. HE GRADUATED FROM THE NANJING MILITARY ACADEMY IN 1960. HE RETURNED TO THE 39TH ARMY UPON GRADUATION IN 1960 AND REMAINED THERE SERVING IN VARIOUS COMMAND BILLETS EVENTUALLY RISING TO ARMY CORPS COMMANDER IN 1983.

IN 1985 HE WAS ASSIGNED TO THE GENERAL STAFF DEPARTMENT AS THE EXECUTIVE DEPUTY CHIEF OF THE GENERAL STAFF. HE ENTERED THE CENTRAL COMMITTEE AS A FULL MEMBER IN 1985. IN 1988 HE WAS PROMOTED TO THE RANK OF LIEUTENANT GENERAL. IN NOVEMBER OF 1992 XU BECAME THE SENIOR UNDISPUTED DEPUTY CHIEF OF STAFF. WHEN XU XIN RETIRED IN 1992, XU HUIZI APPARENTLY ASSUMED THE PORTFOLIO OF MILITARY INTELLIGENCE. HIS OVERSEAS TRAVELS HAVE BECOME MORE FREQUENT AND HE IS ON HAND FOR HIGH LEVEL TALKS WITH FOREIGN OFFICIALS, INCLUDING THE U.S. SECRETARY OF STATE. IN FACT XU SEEMS TO BE PERFORMING THE DUTIES OF A VICE DEFENSE MINISTER.

HE HOLDS A NUMBER OF OTHER POSITIONS CONCURRENTLY TO INCLUDE:

- MILITARY REPRESENTATIVE TO FOREIGN AFFAIRS LIAISON GROUP
- VICE CHAIRMAN OF THE AIR DEFENSE COMMITTEE
- DEPUTY HEAD OF THE STATE AND CENTRAL MILITARY LEADING GROUP FOR WAR PREPAREDNESS IN TRANSPORTATION
- MEMBER OF THE PREPARATORY WORKING COMMITTEE FOR THE HONG KONG SPECIAL ADMINISTRATIVE REGION
- DEPUTY SECRETARY OF THE DISCIPLINE INSPECTION COMMISSION UNDER THE CENTRAL MILITARY COMMISSION

IN JUNE 1994 HE HEADED THE LIST OF 19 LIEUTENANT GENERALS WHO WERE PROMOTED TO FULL GENERAL.

XU IS SAID TO BE AN AVID STUDENT OF MILITARY SCIENCE. HE REPORTEDLY SPENT FIVE YEARS COMPILING THE BATTLE HISTORY OF THE 39TH ARMY AND CLAIMS TO HAVE LEARNED MORE FROM THIS PROJECT THAN ANY MILITARY EDUCATION HE RECEIVED.

EXECUTIVE SUMMARY

GENERAL ((CHI)) HAOTIAN

MINISTER OF NATIONAL DEFENSE

GENERAL CHI WAS BORN IN SHANDONG PROVINCE IN JULY 1929. HE JOINED THE RED ARMY AS A CLERK IN 1946 AND QUICKLY BECAME KNOWN FOR HIS BRAVERY IN BATTLE. GENERAL CHI FOUGHT IN APPROXIMATELY 100 BATTLES, INCLUDING A NUMBER OF FAMOUS CAMPAIGNS AGAINST THE JAPANESE, GUOMINGDONG, AND FROM 1950-1952 IN KOREA. HE HAS BEEN WOUNDED FIVE TIMES AND STILL HAS THREE SHELL FRAGMENTS IN HIS BODY AND A PALM SIZED SCAR ON HIS LEG. HE HAS BEEN DECORATED NINE TIMES.

HE HELD POLITICAL COMMISSAR POSTS THROUGHOUT THE 1960'S. IN 1970, HE BECAME THE DEPUTY DIRECTOR OF THE ARMY'S POLITICAL DEPARTMENT IN THE BEIJING MILITARY REGION AND IN 1971 SERVED AS THE DEPUTY CHIEF EDITOR OF THE PLA'S OFFICIAL PAPER "LIBERATION ARMY DAILY." ALTHOUGH HE WAS SELECTED FOR THE MILITARY COMMISSION IN 1973, HE WAS SUSPENDED FROM DUTIES UNTIL OCTOBER 1975 FOR HIS SUPPORT OF PLA ELEMENTS STRUGGLING AGAINST THE GANG OF FOUR. AS A PART OF THE ARREST OF THE GANG OF FOUR IN 1976, CHI WAS ASSIGNED THE RESPONSIBILITY OF SEIZING THE OFFICES OF THE PEOPLE'S DAILY NEWSPAPER AND THEN ACTING AS DEPUTY EDITOR.

HE WAS A DEPUTY CHIEF OF THE GENERAL STAFF IN THE LATE 1970'S, THE POLITICAL COMMISSAR AND PARTY SECRETARY OF JINAN MILITARY REGION IN THE MID 1980'S, AND THEN PLA CHIEF OF GENERAL STAFF SINCE NOVEMBER 1987. AS THE CHIEF OF THE GENERAL STAFF, CHI HAD A MAJOR PART IN THE COMMAND OF TROOPS AT TIANANMEN AND PROVED HIS POLITICAL RELIABILITY. IN MARCH 1993, HE WAS NAMED AS CHINA'S DEFENSE MINISTER AND STATE COUNCILLOR.

GENERAL CHI IS WELL CONNECTED AT THE HIGHEST LEVELS OF THE PLA AND HIS PRESTIGE IS HIGH DUE TO HIS COMBAT EXPERIENCE. HE HAS BEEN DESCRIBED AS FRUGAL AND SIMPLE IN STYLE AND TO BE IN CLOSE TOUCH WITH THE MASSES. AS WITH MOST VETERAN PLA GENERALS HE IS POLITICALLY CONSERVATIVE WHILE SUPPORTING THE MODERNIZATION OF THE PLA. THROUGH COMBAT AND DECADES OF POLITICAL STRUGGLE GENERAL CHI HAS PROVEN HIMSELF TO BE A CAPABLE LEADER WHO IS DECISIVE, BRAVE, QUICK THINKING AND IN CHARGE. HE IS WELL POSITIONED AND QUALIFIED TO TAKE OVER LEADERSHIP OF THE PLA AFTER THE RETIREMENTS OF ((ZHANG)) ZHEN AND ((LIU)) HUAQING.

GEN CHI IS MARRIED TO ((JIANG)) QINGPING, A RETIRED NAVY MEDICAL WORKER AND THE DAUGHTER OF AN EDUCATOR. THEY WERE MARRIED IN 1957 AND HAVE A SON AND DAUGHTER. BOTH OF HIS CHILDREN ARE MARRIED AND EACH HAS ONE CHILD.

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BREAKFAST WITH VICE PREMIER/FOREIGN MINISTER QIAN QICHEN

TIME: 0730, Monday, Oct 17

PLACE: Diaoyutai State Guesthouse

SCENARIO: SECDEF and selected party will go to another building in Diaoyutai for a one-hour breakfast meeting with Vice-Premier/Foreign Minister Qian ("CHIEN") Qichen

OUR ISSUES:

[(VFM Liu Huaqiu will be present—he has expressed gratefulness to you as being your first official guest after you were named SECDEF.)]

] SECDEF should stress the following to Qian:

1. Appreciate hospitality and state how important this visit is. State that you are sorry he and you did not get together on his visit to Washington because you were in Germany in early October.

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4. Express appreciation to Qian for resumption of human rights dialogue. Impress upon Qian how progress there can affect the military relationship.

5. Tell Qian of your concern on the North Korea nuclear issue, briefing him on defense perspective of the situation on the Korean peninsula.

6. Inform Qian that you are looking forward to the defense conversion cooperation meeting with Minister Ding. Stress that this cooperation is government-wide, not just between DoD and COSTIND.

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PLENARY WITH MINISTER CHI HAOTIAN

TIME: 0900, Monday, Oct 17

PLACE: Diaoyutai State Guesthouse

SCENARIO: SECDEF and selected party will go to another building in Diaoyutai for the two-hour plenary meeting with Minister of National Defense General Chi Haotian. Detailed talking points are provided next under.

OUR ISSUES:

Objective is to convey a support of improved military relations and an urging of the PLA to assist on some urgent bilateral and regional problems. Other points:

1. Appreciate hospitality and review the the military relationship since Nov 93.

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SECDEF REMARKS AT PLENARY SESSION WITH MND CHI HAOTIAN

Introduction--

(Minister Chi will welcome you with a few statements, and he may introduce his delegation. He will then tell you that the Chinese custom is that "the guest speaks first" and ask you to begin.)

- Minister Chi ("CHYRR"). Thank you for inviting me to China. I have been looking forward to coming back to China for some time, not only because I have had a long association with China, but because of the important value which I attach to a sound defense relationship between the United States and China.
- I had a very good breakfast discussion this morning with Vice Premier Qian ("CHIEN"), and I know that you and I will have excellent discussions in the next two days.
- The world has been far from being peaceful, even though the Cold War has ended. [

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- I am also very appreciative that the PLA has been working very hard to make arrangements to accommodate my large delegation. In fact, my delegation has arrived in Beijing from the East and the West! Although my schedule has been changed in recent days, I made certain that the China portion remained intact.
- I am especially pleased that you supported my initiative of inviting some key members of congress to be part of my delegation. I wanted Congress to see what kind of interaction we have with the PLA, the kind of useful dialogue we conduct, and the importance of the military relationship to peace and stability.
- Before I continue, let me introduce my delegation to you. Some of these are old friends to you, but I know for sure that the senators are new friends to you.

(Introduce delegation members seated at the table--you may want to invite each senator to speak for a minute or so. [

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- It has been six years since a Secretary of Defense from the United States has visited China. I know that former Secretary of Defense Frank Carlucci was here in the fall of 1988.

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- I hope that my visit will also be fruitful, because we have much to talk about, and many difficult issues to discuss.

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Military Relationship--

- Let me first comment on the state of the military relationship, before I give you my view of our bilateral relationship. After that, I would like to provide you some observations about the regional security situation.
- I have been very pleased to see that after Assistant Secretary Freeman visited here in November of 1993, our military relationship has gradually improved.
- Through the series of exchanges, from Under Secretary Wisner's trip here, to Admiral Larson's visit, and to the very successful visit to the U.S. by General Xu Huizi, we have noticed an improvement of the depth of the dialogue and a slow re-development of mutual trust.
- This was unfortunately missing from 1989 until 1993, and restarting this process of building mutual understanding and mutual trust is, in my opinion, vital to the security interests of both China and the United States.

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- To continue a policy of engagement between our two militaries, we agree with what General Xu told us in August in Washington, that a solid military relationship cannot be built based only on high level contacts. We must have our up-and-coming officers and our young men and women in the armed services, who are the backbone of our defense establishments, have contact with each other.

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- This brings me to the second subject which I would like to discuss with you, that of the state of our bilateral relationship. But since I have spoken too much, I should yield to you, Minister Chi, for your comments on the military relationship.
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Bilateral Relationship--

- Thank you, Minister Chi, for your comments. Let me pick up where I left off earlier. I was saying that we have got to make sure that the bilateral relationship is healthy enough for our military relationship to grow in a solid manner.
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- Human rights is a very important issue, and it is one which cannot be overlooked if we are going to have the type of relationship we both want. I cannot minimize how key it is to the bilateral relationship overall, thus impacting on the military relationship. I hope that you appreciate that.
- The second issue I want to raise is the proliferation problem.

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- The proliferation of nuclear, biological and chemical weapons and the missiles which can deliver them is a growing concern for the U.S. and the Department of Defense in particular.
- President Clinton has identified the proliferation of these weapons as "one of our most urgent priorities."
- I see the spread of weapons of mass destruction to states such as North Korea, Iraq, and Libya as one of the four key dangers facing international security in the coming years.

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- I believe that effective and transparent export controls are integral to expanding and developing our bilateral relationship, including in the defense area.
- We must also work together to uphold international norms against proliferation such as those embodied in the Nuclear Nonproliferation Treaty.

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- The joint statement signed by the two Ministers is an important step forward in our nonproliferation dialogue. [

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- Eventually, China's membership in the MTCR would greatly strengthen that regime and help our mutually shared cause of non-proliferation.

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- The United States and China are two great countries with great responsibilities. Together we can help contribute to peace and stability in the world. As China grows economically, politically and militarily, we want to be alongside as potential partners. Let us not have these problems prevent us from such a partnership.

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Regional Security—

- Let me elaborate a bit on how this partnership can contribute to solutions for two urgent regional security problems.

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- Negotiations in Geneva have made very slow progress. We have offered steps towards normalization, assurances of a light-water-reactor package, and a promise not to—in North Korean words—"strangle" North Korea.

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- I will end my comments on North Korea by asking China to continue its very useful role, since I am afraid the resolution of this issue will take some time and much more hard work.

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Defense Strategy and Planning—

- One of the very important and useful results of our military dialogue is to better understand each other's strategy and planning. China, because of its sheer size and influence, is undoubtedly the one nation in Asia which can affect the security of all of Asia.
- It is no wonder then, that China's defense planning is closely watched by all your neighbors. [

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- Nevertheless, I would like to hear from you what your defense planning and strategy is for the rest of this century, so that I can better explain to our government and other Asian governments when they ask me what China's strategic intention is.

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- A great nation like China has great responsibilities, and being sensitive to
ding misperception is a task which small nations do
about as much.

- Openness and interaction with neighboring militaries will allow you to dispel
any misperceptions about your strategic intentions.

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Conclusion--

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- I have spoken far too much in our session today. But I feel that there are much you and I need to talk about. This shows how important my visit to China is, and how pleased I am to be here in Beijing.
- Thank you again for your gracious hospitality, and I look forward to my meetings with the senior leaders of your government and senior officers of the PLA. You and I should have many chances to continue our conversation informally.
- I understand that I am scheduled to have a lunch with Minister Ding Henggao. Then this afternoon he and I will convene the Joint Defense Conversion Commission, to initiate a most important cooperation.
- Thank you again and I will see you later.

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LUNCH HOSTED BY MINISTER DING HENGGAO

TIME: 1200, Monday, Oct 17

PLACE: Great Hall of the People

SCENARIO: SECDEF and selected party will be hosted at a working lunch by General Ding Henggao [] Minister of the Commission of Science, Technology, and Industry for National Defense, at the Great Hall of the People. This lunch precedes the meeting of the joint defense conversion commission, also at the Great Hall.

OUR ISSUES:

Since Minister Ding and SECDEF are co-chairmen of the joint commission, much of the conversation will be on the commission meeting to take place after lunch. []

PRC ISSUES:

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**COMMENTS OF
FRANK COLSON
AT THE
U.S. CHINA DEFENSE
CONVERSION COMMISSION**

GOOD MORNING. I AM FRANK COLSON, EXECUTIVE DIRECTOR OF THE DOD POLICY BOARD ON FEDERAL AVIATION. ON BEHALF OF DR. PERRY, I AM RESPONSIBLE FOR MANAGING DOD'S PORTION OF THE UNITED STATE'S NATIONAL AIR SPACE SYSTEM TO INCLUDE AIR TRAFFIC CONTROL, AIRSPACE MANAGEMENT, INTERNATIONAL CIVIL AVIATION ACTIVITIES, AND CIVIL/MILITARY COOPERATION IN AIR DEFENSE.

IN THE UNITED STATES, WE HAVE A LONG HISTORY OF CIVIL/MILITARY COOPERATION IN MANAGING OUR NATIONAL AIR SPACE. SINCE 1958, WE HAVE OPERATED A UNIFIED CIVIL/MILITARY AIR TRAFFIC CONTROL

SYSTEM. THIS CLOSE COOPERATION BETWEEN CIVIL AND MILITARY AUTHORITIES IS ONE OF THE MAJOR FACTORS, WE BELIEVE, THAT HAS ALLOWED THE COMMERCIAL AVIATION SECTOR TO GROW SO RAPIDLY IN THE UNITED STATES. TODAY, OVER 50% OF THE WORLD'S AVIATION TAKES PLACE IN U.S. CONTROLLED AIRSPACE. WE HAVE SUCCESSFULLY ACHIEVED THIS HIGH LEVEL OF CIVIL TRAFFIC, AND MAINTAINED THE HIGHEST LEVELS OF FLYING SAFETY, WITHOUT INHIBITING THE ABILITY OF THE MILITARY TO PERFORM ANY OF IT'S MISSIONS. THE U.S. MILITARY CONTINUE TO MAINTAIN A HIGH STATE OF MILITARY READINESS THROUGH TRAINING, WE CONTINUE TO PERFORM ADVANCED RESEARCH AND DEVELOPMENT AT OUR TESTING RANGES, AND WE EFFECTIVELY PERFORM OUR AIR SOVEREIGNTY/AIR DEFENSE MISSION.

WITHIN THE CONTEXT OF THIS JOINT COMMISSION, AND THE TOPIC AREA MUTUALLY ACCEPTED BY BOTH SIDES AS AN AREA OF COOPERATION THE DEPARTMENT OF DEFENSE REPRESENTING THE MILITARY SIDE AND THE FEDERAL AVIATION ADMINISTRATION REPRESENTING THE CIVIL SIDE, ARE LOOKING

FORWARD TO INITIATING WORK IN THE NEAR FUTURE. WE SUGGEST STARTING WORK BY DEVELOPING A BETTER UNDERSTANDING ON BOTH SIDES OF HOW THE TWO NATIONAL SYSTEMS ARE CURRENTLY ORGANIZED AND THE RELATIVE RESPONSIBILITIES OF THE CIVIL AND THE MILITARY AUTHORITIES IN MANAGING THE NATIONAL AIRSPACE AND FOR MAKING DECISIONS. TO HIS END, WE SUGGEST A JOINT CIVIL/MILITARY CHINESE DELEGATION TRAVEL TO THE U.S. AND VISIT A SERIES OF U.S. MILITARY BASES THAT PERFORM THE AIR TRAFFIC CONTROL/RESEARCH AND DEVELOPMENT AND THE AIR DEFENSE MISSION. THIS WOULD BE FOLLOWED BY A JOINT CIVIL/MILITARY U.S. DELEGATION THAT WOULD VISIT COMPARABLE CHINESE MILITARY FACILITIES. WITH THIS BETTER UNDERSTANDING, WE CAN THEN DEVELOP AN UNDERSTANDING OF YOUR NATIONAL GOALS FOR THE FUTURE IN AREAS SUCH AS AIR TRAFFIC CONTROL MODERNIZATION, AIR TRAFFIC CAPACITY GROWTH AND CIVIL/MILITARY COORDINATION INTEGRATION. WITH THIS FOUNDATION AND UNDERSTANDING OF YOUR GOALS, WE CAN RECOMMEND TECHNOLOGIES AND SYSTEMS THAT WILL ALLOW YOU TO ACHIEVE

YOUR GOALS. FURTHER, DOD AND FAA WILL WORK WITH U.S. INDUSTRY AND OTHER U.S. GOVERNMENT AGENCIES TO ASSIST A TIMELY FLOW OF INFORMATION AND INTERACTION SUFFICIENT TO MEET YOUR NATIONAL AIR TRAFFIC CONTROL CAPACITY GOALS.

I LOOK FORWARD TO OUR DISCUSSIONS ON THIS TOPIC DURING THIS VISIT TO CHINA. IN MID-NOVEMBER MR. DAVID HINSON, FAA ADMINISTRATOR, WILL BE VISITING CHINA. I WILL ALSO BE ACCOMPANYING HIM DURING HIS VISIT AND LOOK FORWARD TO ADDITIONAL DISCUSSIONS TO REFINE OUR MUTUALLY ACCEPTABLE JOINT GOALS FOR THIS TOPIC AND TO AGREE ON A MUTUALLY ACCEPTABLE WORK PLAN.

MEETING OF JOINT DEFENSE CONVERSION COMMISSION

TIME: 1400, Monday, Oct 17

PLACE: Great Hall of the People

SCENARIO: SECDEF and selected party will formally convene with the Chinese commission members and Chinese chairman Minister Ding Henggao the first meeting of the Joint Defense Conversion Commission. Detailed talking points can be found in Tab H-1. An agenda can be found in Tab H-2.

OUR ISSUES:

1. What we want as results from the commission meeting are the following:

--A Statement of Principles (Tab H-4) to be agreed upon and released with press release (Tab H-7) either right after the meeting or the next morning.

--A Structure and Procedures (Tab H-5) document for the Commission to be agreed upon.

--A minutes (Tab H-6) of the meeting to be agreed on by both sides. That will contain agreement to preliminarily cooperate on air traffic control (Tab H-8), exchange of defense conversion managers, and environmentally safe vehicles. It pushes to the future consideration of cooperating in civilian satellite technology, in wide-band integrated system digital network, and global mobile communications systems (Tab H-9).

2. [

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3. Stress to Ding that licensing will be via normal USG channels. There is no short-cut even if the technology involved is needed for a particular agreed area of cooperation.

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JOINT DEFENSE CONVERSION COMMISSION TALKING POINTS

(Minister Ding will welcome you, introduce the Chinese members of the commission, and invite you to make an opening statement before proceeding with his remarks, which should last about 25 minutes.)

- Thank you, Minister Ding. I remember well that it was on September 10, 1993, at Stanford when I discussed with Vice Minister Huai Guomo a cooperation between the United States and China on defense conversion.
- Today, thirteen months later, I am pleased to be here to convene with you the first meeting of the Joint Defense Conversion Commission.
- Let me first introduce to you the members of the U.S. side of the Commission:
 - Barry Carter, Principal Deputy Under Secretary of Commerce
 - Joe Nye, Assistant Secretary of Defense
 - Winston Lord, Assistant Secretary of State
 - Stanley Roth, Senior Director in the National Security Council
 - Mike Nacht, Assistant Director of ACDA
 - MG McIlvoy, JCS/J-5
 - Mitch Wallerstein, Deputy Assistant Secretary of Defense, who is attending on behalf of Assistant Secretary of Defense Ash Carter
 - Eden Woon, OSD, who is the Commission executive secretary
 - Susan Long and Tom Becherer, staff members of the Commission
- Ambassador Roy and General Byrnes are participating as our representatives in-country.
-  _____ 
- Let me now yield back to you to continue your remarks, and I will follow with my remarks after that.

- 
- Thank you, Minister Ding, for your presentation. I was particularly interested in your description of what China has been doing in defense conversion. Your success in this area is admired by the rest of the world.

- As you know, I am the chairman of three similar commissions, with Russia, with Ukraine, and with Belaruss. But this commission is very different. One reason is that China is well ahead of the world in defense conversion, and has much to teach others in what it has done in the past 15 years.
- I, too, agree with you that cooperation in defense conversion not only is the most efficient way to use the defense industrial enterprises, but is beneficial to the economy of the country and contribute to peace.
- I like the name of the organization which COSTIND has set up to handle your business interactions—CAPUMIT—China Association for the Peaceful Use of Military Industrial Technology. This name explains very plainly what defense conversion means.
- Let me describe for you a little bit of our defense conversion efforts:
- Over the last decade, U.S. procurement of defense equipment has declined by over two-thirds. This \$90 billion reduction has had an enormous impact on our defense industry and its employees.
- The U.S. has relied primarily on the market system and the decisions of individual managers to make adjustments and to convert their facilities to new activities.
- Decisions made at the company-level in the U.S. generate the movement of capital, the allocation of labor and the decisions about technology that are needed to respond to these changes in the defense spending.
- In addition to this market system, the USG has found it necessary to implement some federal government spending to aid this transition to less defense spending.
- However, we still believe that it is overall economic growth that creates the demand for the skilled workers, the new technologies and the industrial resources that are no longer used by the defense industry.
- I will tell you briefly about some of the federal programs that aid defense conversion:
 - The Office of Economic Adjustment (OEA) at DOD supports communities that are affected by the closing of a military base to help them organize and develop plans to re-use military assets.
 - The Economic Development Administration (EDA) at Commerce provides grants to communities who have lost major military contacts or installations. For example, a town in California received a grant to create an adequate sewer

system at Castle Air Force Base, which can then be developed into a commercial business center.

•• The Technology Reinvestment Program (TRP) was designed to stimulate new thinking in private industry to develop promising new dual-use technologies. The program tries to encourage teaming among commercial and defense firms, large and small companies and universities, federal labs, and local governments. In 1993, \$605 million in grants were made for technology development and deployment. For example, a grant was given to a consortium to develop a computer-aided earth-moving system using military GPS.

- This highlights some of the federal programs we use to support conversion and strengthen the U.S. technology and industrial base.
- For the cooperation between U.S. and China, I know that we have proposed air traffic control as an initial area of cooperation.
- I believe that you agree that a modern and safe transportation system which can quickly and efficiently transport people and goods is vital to China's economic development.
- I know that China's air traffic control system is undergoing revision now, and the United States wants to cooperate with China in this effort.
- This is why we have proposed the initiative of air traffic control system cooperation under the auspices of the joint defense conversion commission.
- The purpose of this initiative would be:
 - Where appropriate promote the use of existing military air traffic control resources to support the development of civil aviation.
 - Promote the standardization of the Chinese air traffic control equipment industry so that military and civil air traffic control systems are compatible, and
 - Promote increased coordination between military and civil air traffic control authorities in the area of airspace management, the future air navigation system (FANS), and other areas of mutual interest.
- Let me now let Deputy Assistant Secretary of the Air Force Frank Colson take a few minutes to explain a little more in detail what this cooperation entails.

(Frank Colson will give a ten-minute pitch on where the FAA wants to go next with this cooperation.)

- Thank you, Frank. Minister Ding, you may or may not know, there are many critics in the United States of our defense conversion cooperation.
- I do not agree with them, but I have to make sure that this cooperation can withstand criticism and actually accomplish the objectives which we both want.
- This is why we picked air traffic control as an initial area of cooperation, because this is a humanitarian area of cooperation which cannot be criticized by reasonable people.
- Among the areas which you proposed, exchange of defense conversion management personnel and environmentally-safe vehicles are also areas which we should go forward with.
- However, the three other areas you mentioned, even though I fully agree that they are suitable for cooperation, and even though the technology involved would be reviewed through the proper channels and could be found to be releasable, I am concerned about the wisdom of proceeding into them at this point of our cooperation.
- I believe that our cooperation is not mature enough to take on areas which could raise many questions, even though some of them may not be legitimate.
- Signing the minutes, with the statement of principles and a document which guides our procedures and structure attached, and agreeing to three areas of cooperation, along with promising to publicize each other's enterprises/businesses, should be a very good start.
- I think we have a full plate already, and I will be glad to discuss with you cooperation in the future on the three other areas you proposed. But my sense is that we have plenty to do already.
- Do you have any more comments? I suggest perhaps we should take a break, and then come back and look over the documents you and I should sign today.

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- Thank you very much, Minister Ding. Our cooperation has been excellent, and this has provided a very good foundation for our future work. Our

executive secretaries should keep in contact to implement what you and I have agreed to today.

- I look forward to seeing you in Washington when we convene the second meeting of this joint commission. We can pick an appropriate date at a later time.
- I am very pleased to be engaged in this cooperation with you whom I have known for some time. And it is a pleasure to work with you once again. Thank you.

U.S.-CHINA DEFENSE CONVERSION COMMISSION

BEIJING, CHINA--OCTOBER 1994

Co-Chairman--

William J. Perry, Secretary of Defense

**General Ding Henggao, Minister of Commission of Science, Technology, Industry for
National Defense**

Agenda--

**30 min--Opening remarks and presentation of concept of cooperation and proposals by
Minister Ding**

**30 min--Opening remarks and presentation of concept of cooperation and proposals by
Secretary Perry**

10 min--Break

20 min--Discussion

30 min--Adopt Charter, Statement of Principles, and approve and sign minutes

(Total time allotted for meeting is 2 hours, preceded by a working lunch hosted by Ding)

国防科学技术工业委员会
COMMISSION OF SCIENCE, TECHNOLOGY AND INDUSTRY
FOR NATIONAL DEFENCE, P.R. CHINA

JOINT SINO-U.S. DEFENSE CONVERSION COMMISSION
Chinese Commission Members

Co-Chairman: Mr. Ding Henggao, Minister of COSTIND

Member:

Mr. Gan Ziyu, Vice Minister
The State Planning Commission

Mr. Xu Penghang, Vice Minister
The State Economy and Trade Commission

Mr. Huai Guomo, Vice Minister
COSTIND

Mr. Ma Zhengang, Director
America-Oceanica Department, Ministry of Foreign Affairs

Mr. Tang Xinmin, Director
Department of Science and Technology Achievements
The State Science and Technology Commission

Mr. Liu Hu, Director
Technology Import and Export Department
Ministry of Foreign Trade and Economic Cooperation

Mr. Hou Gang, Deputy Director
The Intelligence Department
Headquarter of General Staff of the Chinese PLA

Mr. Deng Yousheng, Director
Foreign Affairs Department, COSTIND

The liaison office of the Joint Defense Conversion Commission on Chinese side is Foreign Affairs Department, COSTIND. The Director of the Department, Gen. Deng Yousheng, is responsible for specific work.

Executive Secretary: Mr. Ju Jian, Division Chief, Foreign
Affairs Department, COSTIND

Special Assistant : Mr. Wang Zhongchao, FAD, COSTIND

Business Liaison: Mr. Feng Hui, FAD, COSTIND

JOINT U.S.-CHINA DEFENSE CONVERSION COMMISSION

U.S. COMMISSION MEMBERS

The United States component of the Commission will be composed of:

Secretary of Defense William J. Perry (co-chair with Minister Ding Henggao)

(Alternate U.S. co-chair - Deputy Secretary of Defense)

Principal Deputy Under Secretary of Commerce Barry Carter

Assistant Secretary of Defense for International Security Affairs Joseph Nye

Assistant Secretary of Defense for International Security Policy Ashton Carter

Assistant Secretary of State for East Asia and Pacific Affairs Winston Lord

Assistant Secretary of State for Politico-Military Affairs Ted McNamara

Special Assistant to the President and Senior Director for Asian Affairs Stanley Roth

Assistant Director, Arms Control and Disarmament Agency, Mike Nacht

Principal Deputy Assistant Secretary of Defense for Dual-Use Technology Ken Flamm

Deputy Director for Politico-Military Affairs, JCS/J-5 Major General McIlvoy

Executive Secretary - Eden Woon, Office of Secretary of Defense

Special Assistant - Susan Long, Office of Secretary of Defense

Business Liaison - Thomas Secherner, Office of Secretary of Defense

STATEMENT OF PRINCIPLES

JOINT U.S.-CHINA DEFENSE CONVERSION COMMISSION

The United States of America and the People's Republic of China, recognizing that the peaceful use of military industrial technology is in the economic and national security interests of their peoples, declare their intention to promote cooperation in their defense conversion efforts. To this end, the United States of America and the People's Republic of China have established a Joint U.S.-China Defense Conversion Commission to promote the orderly use, for peaceful purposes, of defense industrial, technological and scientific facilities and personnel not needed for defense requirements to satisfy the requirements of civil society.

The Joint Defense Conversion Commission will provide a senior channel of communication between the Governments of the United States of America and the People's Republic of China to promote mutual understanding of and cooperation on, issues relating to the defense industry, including:

- facilitating contacts between the industries of the two countries and promoting appropriate industrial partnerships, technological relationships, and investment by American firms in China, and by Chinese firms in the U.S.
- sharing experiences and lessons from defense industry conversion in the two countries;
- rationalizing defense science, technology and industry conversion planning and management appropriate for peacetime;
- addressing issues of personnel, equipment, and production of defense industry related to the defense conversion cooperation between the two countries.

The Joint Commission will also explore new areas of and approaches to the cooperation.

STRUCTURE AND PROCEDURES OF THE JOINT DEFENSE CONVERSION
COMMISSION OF THE
PEOPLE'S REPUBLIC OF CHINA AND THE
UNITED STATES OF AMERICA

The People's Republic of China and the United States of America, desiring to promote the cooperation between the two countries in defense conversion, have decided to establish the Joint Defense Conversion Commission of the People's Republic of China and the United States of America (hereinafter referred to as the "Joint Commission") and to adopt the following:

SECTION ONE: PURPOSE

The Joint Commission has the following purposes: to facilitate economic cooperation and technological exchanges and cooperation between the two countries regarding defense conversion, to maintain regular contacts through government channels, and to address issues that occur in the course of cooperation and explore new areas of and approaches to cooperation.

SECTION TWO: ORGANIZATION

The Joint Commission is composed of Chinese and American sides. Each side has a chairman, members, and an executive secretary on the Commission.

The chairman of each side will inform the other side of the Commission members of each side and of any change in members.

The Joint Commission may set up, as needed, ad hoc special working groups which may function in accordance with this document.

SECTION THREE: OPERATING PROCEDURES

The meetings of the Joint Commission will convene as deemed necessary by both chairmen, the site to rotate between the two countries. The commission meetings are presided over by the co-chairmen. In the absence of the co-chairmen, the meetings will be presided over by Commission members designated by them. One or two months prior to the meeting, both sides will discuss and agree on the date of the meetings and exchange a preliminary proposed agenda for the meeting. The executive secretaries and the working groups of the two sides will make preparations for the meetings and agree in principle on the meeting and agree in principle on the meeting minutes one month before the meeting.

The Joint Commission will review at its meeting the items on the agenda and relevant issues for discussion as agreed between the co-chairmen. The decisions

agreed upon by both sides in the meeting will be written into the meeting minutes and will go into effect after the meeting minutes are signed by the co-chairmen.

If one side of the Joint Commission needs to obtain the approval of the relevant government department of its country for a decision recorded in the meeting minutes, the decision in question will become effective after the chairman of the side informs the other side of its approval.

The minutes of the Joint Commission will be written in Chinese and English, both versions being equally authentic. The appendix of the meeting minutes constitute an integral part of the meeting minutes.

SECTION FOUR: THE DUTIES OF THE EXECUTIVE SECRETARY

The executive secretary of each side will be a member of the Joint Commission, be responsible for daily work, coordinate the activities of the special working groups, prepare the documents for the meetings of the Joint Commission, and fulfill other duties in connection with the activities of the Joint Commission.

The executive secretaries of each side will maintain contact with each other.

SECTION FIVE: EXPENDITURES

Except as otherwise agreed, each side will be responsible for all costs that its members incur.

SECTION SIX: AMENDMENTS

With the agreement of both sides, the Joint Commission may revise and amend this document.

SECTION SEVEN: EFFECTIVE DATE

Dating from October 17, 1994, the Joint Commission shall be in operation for five years. Unless one side informs the other of its desire to terminate the Commission at least six months prior to its expiration, then the Commission shall be extended for 5 additional years. The Commission may be terminated by either side upon six months written notice.

U.S.-China Defense Conversion Commission

Minutes of the First Meeting—Beijing, October 17, 1994

The first meeting of the U.S.-China Defense Conversion Commission (known hereafter as the "Joint Commission") took place in Beijing on October 17, 1994. The delegation from the government of the United States of America was led by William J. Perry, Secretary of Defense. The delegation from the government of the People's Republic of China was led by Ding Henggao, Minister of the Commission of Science, Technology, and Industry for National Defense.

The list of the participants in this meeting from both sides is at Tab I.

The Joint Commission conducted two hours of talks in a friendly atmosphere and successfully completed the work of this first meeting.

The meeting minutes are as follows:

1. Both sides believe that this Joint Commission's goal is to facilitate economic cooperation and technical exchanges and cooperation of both countries in the area of defense conversion, and to maintain regular contact via a government channel to resolve the problems which arise in the process of this cooperation. This Joint Commission will also explore new cooperation areas and venues.
2. Both sides adopt the document "Structure and Procedures of the U.S.-China Defense Conversion Commission. (Tab II) This document will guide the procedures and structure of the Joint Commission. Both sides also adopt the document "Statement of Principles of the U.S.-China Defense Conversion Commission," (Tab III), which will guide the work of the Joint Commission.
3. A. Both sides will begin preliminary cooperation in the area of air traffic control system and technology. Details of the cooperation will be studied and decided upon by the Federal Aviation Agency and relevant organizations of the People's Republic of China. Both co-chairmen agree that the Joint Commission will support and facilitate this program.
B. Both sides will also begin to strengthen the cooperation in areas such as: training of defense conversion high-level managers; environmentally-safe vehicles.
4. The U.S. side requests that China provide a list of defense enterprises which are interested in joint ventures in civilian production. The U.S. will publicize this list. China requests that the U.S. provide some information regarding U.S. businesses interested in cooperation with China in defense conversion.
5. Both sides will mutually explore other possible areas of cooperation and also to hold the second meeting of the Joint Commission in Washington at an appropriate time.

These minutes are signed in Beijing on October 17, 1994, with two copies, one in English and one in Chinese.

People's Republic of China
Minister, COSTIND
Jt Defense Conversion Commission
Chairman for China
Ding Henggao
(signed)

United States of America
Secretary of Defense
Jt Defense Conversion Commission
Chairman for the United States
William J. Perry
(signed)

PRESS RELEASE

At the first meeting of the Joint Defense Conversion Commission between the United States and China, U.S. co-chairman Secretary of Defense William J. Perry and Chinese Co-chairman Minister Ding Henggao of the Commission of Science, Technology, and Industry for National Defense signed a Statement of Principles guiding the work of the Joint Commission. Secretary Perry and Minister Ding pledged to work together to help promote joint defense conversion projects.

Under the umbrella of the Commission, Secretary Perry and Minister Ding plan to share experiences in the area of defense industry conversion to non-military production. Both Secretary Perry and Minister Ding agreed that "there is much we can learn from each other in this civilian cooperation, and we hope to build on each other's experiences where it is feasible to do so. Many defense companies are involved in converting to production for peaceful purposes. We need to do all we can to promote this when possible."

Both sides agreed to pursue preliminary cooperation in air traffic control system and technology, and in environmentally-safe vehicle technology. Furthermore, the Commission will encourage the exchange of high-level managers engaged in defense conversion work.

**Air Traffic Control Initiative
under the auspices of
The U.S.-China Defense Conversion Commission**

Summary

Efficient and safe air traffic control is essential to the growth of the aviation system in China and to economic growth itself. Economic growth is dependent upon a transportation system that can quickly and efficiently transport people and goods. In a country the size of China, the development of an air transport system is critical to sustained economic growth.

Therefore, the U.S. Department of Defense proposes that the U.S. and Chinese governments enter into a cooperative effort in the air traffic control sector. The purpose of this initiative would be to:

- Where appropriate promote the use of existing military air traffic control resources to support the development of civil aviation,
- Promote the standardization of the Chinese air traffic control equipment industry so that military and civil air traffic control systems are compatible; and
- Promote increased coordination between military and civil air traffic control authorities in the area of airspace management, the future air navigation system (FANS), and other areas of mutual interest.

Background

Before the Federal Aviation Administration (FAA) was established in 1958, the United States had two systems for air traffic operations and air space management -- one run by the U.S. Department of Defense and another operated by the FAA's predecessor agency, the Civil Aeronautics Administration. The Federal Aviation Act of 1958 was passed after several years of national debate that focused on five issues:

- Poor coordination between the two authorities responsible for providing civil and military air traffic operations and airspace management;
- A series of fatal air crashes between civil and military aircraft operating under separate flight rules;
- The cost of providing two completely separate systems for operations and airspace management;
- How to provide for the military's air traffic operations requirements in a system that might be managed by a civil authority; and

- How to provide for significant growth in air traffic operations in a system which was badly constrained by the existence of two separate authorities (civil and military) for air traffic operations, airspace management and equipment design and procurement.

This debate resulted in the 1958 legislation that created the Federal Aviation Agency, a civilian body, which was charged with:

- Controlling the use of the navigable airspace of the U.S.;
- The regulation of both civil and military operations in that airspace; and
- The development and operation of a common system of air traffic control and navigation for both military and civil aircraft.

This legislation poised the United States to take full advantage of a national asset -- its airspace -- to support economic growth while at the same time maintaining its sovereign air defense requirements.

China -- with its 30 percent annual growth in air traffic -- faces air traffic control issues similar to those encountered by the U.S. during its high aviation growth period. The U.S.- China Defense Conversion Commission provides a forum under which the two countries can enter into cooperative efforts in the air traffic arena that would lead to increased coordination between the civil and military air traffic authorities and consistent with the objectives of the Commission, the increased use of air space for civil purposes as appropriate.

Areas of possible cooperation include:

- Where appropriate, cooperation in the identification and use of existing military air traffic control resources to support the development of civil aviation;
- Cooperation to promote the standardization of both civilian and military air traffic control equipment so that the systems can provide for seamless air traffic control between both civil and military controllers; and
- Cooperative efforts leading to increased coordination between military and civil air traffic control authorities in the area of airspace management, the future air navigation system (FANS), and other areas of mutual interest.

The lead organizations for this effort on the U.S. side will be:

U.S. Department of Defense Policy Board on Federal Aviation
U.S. Federal Aviation Administration
U.S. industry trade associations as appropriate.

INTEGRATED SERVICES DIGITAL NETWORK (ISDN)

ISDN is switching equipment supporting a network architecture and digital subscriber interface for transmission of both voice and high speed data simultaneously. Narrowband ISDN offers simultaneously separately signalled traffic patterns. Broadband ISDN is more advanced, has greater bandwidth and more flexible allocation since it is not restricted to a channellized format. ISDN switching equipment for China does not require an Individual Validated License (IVL), nor does test equipment and software for ISDN switching equipment. Development and production technology for ISDN, both levels, does require an IVL. ISDN has significant military applicability for C3I.

CELLULAR MOBILE TECHNOLOGY

First generation cellular telephone equipment, which is analog and does not include cryptography, does not require an IVL. The technology for producing this equipment, however, does require such a license.

Second and third generation cellular equipment is digital, uses spread spectrum radio techniques and employs access protocols which must use cryptography to work. Both the technology and the equipment require an IVL. The technology for manufacturing digital cellular telephone equipment involves not only IVL-controlled digital cellular technology, but controlled cryptographic technology on the Very Sensitive List (presumption of denial). Strategic concerns, relating to secure spread-spectrum mobile high-speed digital communications, include capability for tactical and reconstitutable imagery capable C3I.

Material provided by Patrick Sullivan, DTSA/STTD

GLOBAL POSITIONING SYSTEM (GPS) SATELLITES

Global Positioning System (GPS) satellites, their ground control/support equipment and associated technology are embargoed to the PRC under both the International Trade in Arms Regulations (ITAR) and the U.S. Munitions List (USML). Most civil GPS receiver equipment and associated technology are not controlled. GPS receiver equipment and associated technology are embargoed to the PRC if it (s) has an null-steerable antenna; (2) employs encryption/decryption; (3) is capable of providing navigation information under the following operations conditions, at speeds in excess of 515 m/sec and at altitudes in excess of 18 km, or (4) is capable of use with unmanned air vehicles (weapons delivery systems). A military concern for the export of receiver equipment and technology is its use for guidance in delivery systems for precision guided munitions of all types (cruise missiles, UAVs, etc.).

Material prepared by Anthony Lombardi, DTSA/STTD

ELECTRIC MOTORS FOR NON-POLLUTING AUTOMOBILES

No licensing requirements to China are required for the motors or the batteries (power source) for electric vehicles. Certain other batteries are controlled but these have extreme energy densities and other strategic military capabilities that would not be required for electric cars. There are no critical military applications for the motors or batteries used in electric motor cars that would prevent export to China. These are, however, obviously dual use items and as such have various military uses.

Material prepared by Jerry Nini, DTSA/STTD

~~SECRET~~

MEETING/DINNER WITH GENERAL LIU HUAQING

TIME: 1750, Monday, Oct 17

PLACE: Diaoyutai State Guesthouse

SCENARIO: SECDEF will have a forty-minute private meeting with General Liu Huaqing before the "small" dinner hosted by General and Madame Xu ("HSU") begin at 1900 with a subset of the SECDEF party. An informal toast may be given by Liu at the dinner, and SECDEF could reciprocate. The private meeting gives SECDEF an opportunity to renew his acquaintance with Liu and to privately urge

OUR ISSUES:

~~SECRET~~

BREAKFAST WITH U.S. BUSINESS COMMUNITY

TIME: 0830, Tuesday, Oct 18

PLACE: Shangri-la Hotel

SCENARIO: This is a joint AMCHAM Beijing and U.S.-China Business Council-hosted breakfast with almost one hundred members of the American business community in Beijing attending. The whole breakfast will last one hour, with SECDEF expected to speak for about ten minutes and answer questions posed by the audience for about thirty minutes. President of AMCHAM Beijing will introduce SECDEF.

OUR ISSUES:

In his remarks, SECDEF could review for the business community the accomplishments and objectives for his China trip. Specifically, the results of the joint defense conversion commission should be revealed at this time (a press release would have been given already), and SECDEF could give a sketch of the discussions thus far (the plenary with Chi, the private meeting/dinner with Liu Huaqing, and the meeting with Minister Ding would have already taken place).

AUDIENCE ISSUES:

We expect the business community to be interested in the following:

1. Results of the joint defense conversion commission meeting and what it means for U.S. businesses.
2. SECDEF's view on the military relationship.
3. Whether sanctions will be lifted soon on munitions list items and dual-use items desired by the PLA.
4. Whether the military relationship will soon include an arms sales or military technology component.
5. Whether SECDEF could help expedite licenses now stalled in DoD which businesses need approved in order to do business in China.

[

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10/11/94
11:30

RETARY PERRY/U.S. BUSINESS COMMUNITY -- BEIJING, CHINA/OCTOBER 18, 1994

ning.

Very good to be here in Beijing and to have the opportunity to talk to you about the current state U.S.-China security relationship.

I will speak briefly and then try to answer any questions you may have.

I want to make sure that we leave enough time for me to hear from you and find out what's on your mind as you try to do business in China.

I will now start off by saying that I salute each and every one of you and the work you're doing on behalf of your companies and on behalf of China's economic modernization.

You're pioneers on the front line of the economic and social transformation of the world's most populous nation.

The bridges you are building between the United States and China encourage the exchange not only of products and capital, but also of ideas and ideals.

Obviously, the administration wants to do what we can to make your work here easier.

We know that all of Asia considers China to be an influential country in the region.

And we fully recognize that it's a country whose economic power is growing enormously.

It's also a country whose military is modernizing at a rate that concerns some of its neighbors.

All of these are reasons why we think communication between our countries on security issues is so important.

As many of you are aware, the Department of Defense and China's Ministry of National Defense have

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been pursuing a high-level dialogue for almost a year now.

Through the course of our contacts with the PLA the quality of our dialogue and our mutual understanding of each other's concerns have gradually improved.

My meetings over these three days are a continuation of this process.

I want to say that the Chinese have been extremely gracious hosts to our delegation.

Our meetings have been very productive.

These opportunities to better understand each other's security concerns are very important.

And our military relationship with China benefits both countries.

We came to China with two basic goals.

First, we wanted to discuss very frankly with our Chinese hosts some problems that we see in regional security and in our bilateral relationship.

More specifically, we wanted face-to-face discussions about the strategic views of our countries, the proliferation of weapons of mass destruction, and, of course, the very difficult North Korean nuclear negotiations.

I should mention that my trip was made considerably easier by the excellent progress made by Secretary of State Christopher and Chinese Foreign Minister Qian Qichen (cheeyen chee-zhen) two weeks ago in Washington.

In those meetings the Chinese agreed to adhere to the terms of what's called the Missile Technology Control Regime -- or "MTCR".

The MTCR forbids the sale of certain types of missiles that can be used to deliver weapons of mass destruction.

This agreement by the Chinese will allow us to lift the ban on certain high-technology sales.

The ban was imposed in August of 1993 following indications that the Chinese had sold M-11 ground-to-round missile parts to Pakistan.

A second purpose of my trip was to look at ways to gradually move our bilateral military relationship forward.

In fact, our real hope is that a closer, more trusting security relationship between our countries can help contribute to resolving problems in places like North Korea.

Thus far, I think the meetings have gone very well.

First, I met with the Minister of National Defense, General Chi Haotian (chur how-tee-an), and then with General Ding Henggao (ding hun-gao), Minister of the Commission of Science, Technology, and Industry for National Defense -- or COSTIND for short.

And last evening I was able to meet for some time with General Liu Huaqing (leeyo hwa-ching), who is vice chairman of the Central Military Commission.

I have known him for a long time, and it was good to see him again. [personal stories? anecdote?]

Another significant achievement of this trip was the agreement on a Statement of Principles by Minister Ding (ding) of COSTIND and myself.

This statement will guide the work of the U.S.-China Joint Defense Conversion Commission, which he and I co-chair.

The commission's task is to help promote defense conversion cooperation between China and the United States.

With the end of the Cold War it's not just the Russians and the Americans who need to find ways to use the resources formerly devoted to making guns -- use them to make more butter instead.

The Chinese also have a defense industry that's too big for their needs.

The British writer, Samuel Johnson, wrote that change is often inconvenient, even when it's for the better.

Defense conversion isn't easy for us, the Russians, or the Chinese.

But it is for the better.

And the Chinese have had a head start, since they've been pursuing it for 15 years.

Minister Ding (ding) and I agreed to promote cooperation in two particular areas -- an air traffic control system and environmentally-safe vehicles.

China has very great needs in both these areas.

And these needs will only grow as China continues to modernize and experience rapid economic growth.

We also agreed to promote cooperation between Chinese and U.S. businesses so that they can help each other on defense conversion projects.

As a first step, we have requested from our Chinese counterparts a list of their defense enterprises which are interested in joint ventures in civilian production with American companies.

The Department of Commerce will use this to develop a Chinese Defense Enterprise Directory profiling enterprises engaged in defense conversion.

By publicizing this list we hope that qualified, interested U.S. businesses can identify potential partners.

It's a two-way street though.

The Chinese also have experience in defense conversion going back some 15 years.

And we think there are U.S. industries and companies that could benefit from cooperation with Chinese industries in trying to switch over to civilian, consumer-oriented products.

Consequently, we'll be providing a similar list to the Chinese.

Under the umbrella of the Commission we hope to facilitate contacts, partnerships, and investment in many directions.

We know from our experience with Russia that joint ventures in defense conversion can work -- but it takes a lot of determination and patience.

I am confident, however, that if we're willing to work hard, the Commission will help each country make defense conversion as convenient and as profitable as possible.

Our delegation's time here is too short, but I already know that it's been very well spent.

Later today, I will deliver a speech on our bilateral security relationship at the People's Liberation Army's National Defense University.

Tomorrow I will have an opportunity to meet with top leaders of the Chinese government, including President Jiang Zemin (jeeyahng ze-ming).

There are obstacles to be overcome in our security relationship with China.

But our two countries are too large and too powerful, and the challenges we face together are too important, for us not to work very hard on improving the relationship.

In the Chinese classic "The Art of War" by Sun Tzu, there is actually some pretty good advice about how to maintain peace.

It says, "always remember danger when you are secure and remember chaos in times of order, watch out for danger and chaos while they are still formless and prevent them before they happen."

I hope my trip helps the governments of both our nations strive to prevent danger before it happens.

Let me stop here and take your questions.
Thank you very much.

Secretary Perry China Trip
US Business Community Breakfast - Q&A
18 October 1994

Question: *What is the Purpose of your trip?*

Answer: To exchange views with the Chinese military and government leaders on regional and bilateral security issues. We also convened with the Chinese the first meeting of the U.S.-China Defense Conversion Commission and to participate in a WWII commemoration event.

Question: *Why is DoD still committed to unilateral restrictions on the export of U.S. technology that is openly available from our competitors in this post-COCOM environment?*

Answer: The USG--and DoD--believe that controls on sensitive technologies are most effective when all responsible producers enforce them.

That is why the U.S. favors multilateral controls enforced by as many cooperating countries as possible.

On occasion, national security, foreign policy or other reasons require the U.S. to bring an item under unilateral control while persuading other states to protect the item as well. I would like to reassure you that we strive to avoid unilateral controls.

Question: *There is a lot of interest in the growing China market for telecommunications and computers. Will DoD allow U.S. firms to sell what is needed here?*

Answer: One of the U.S. interests is to open a revitalized dialogue with China on export control cooperation. We are hopeful that this will lead China to adopt a more effective export-control systems.

Export licenses have been and will continue to be required for high-end dual-use and military technology transfers.

As you know, however, we have not been sitting idly by. With the USG announcement last April of a new general license [called GLX] for formerly COCOM-proscribed countries, including China, the requirement for prior USG approval was removed for the export of very advanced telecommunications and computers for civil end uses.

Question: *What do you hope to accomplish with the joint defense conversion commission meeting and what does it mean for U.S. businesses?*

Answer: In our first meeting we discussed the principles of this commission and the types of cooperation which the commission will pursue. The first two are Air Traffic Control and environmentally-safe vehicles. Our hope is to facilitate cooperation between Chinese defense enterprises with U.S. businesses in civilian production. This is not a military technology cooperation program.

Question: *What is your view of the U.S.-China military relationship?*

Answer: It is improving and we are moving in the right direction. Our purpose is to rebuild mutual understanding and trust so that the two defense establishments can cooperate to improve the bilateral relationship and bring peace and stability to the world. Our global security posture would be much improved if we obtain Chinese assistance on many issues. Many of the world's security problems cannot be resolved without Chinese cooperation, and the PLA plays a large role in many of these internal policy deliberations in Beijing.

Question: *Will the military relationship soon include arms sales or military technology component?*

Answer: No arms sales or military technology transfers have been proposed or considered on this trip in our meetings with the PLA. Any and all tech transfer decisions resulting from the work of the joint conversion commission will be made through normal export-control channels using normal procedures. The Commission is not set up to circumvent current export-control channels.

Question: *Will sanctions be lifted soon on munitions list items and dual-use items desired by the PLA?*

Answer: At this time there is no intention to lift the sanctions. But it is important to note that two countries with normal relations should not have sanctions against each other; however, there is no time table for lifting the sanctions.

Question: Can you tell us more about Air Traffic Control and how our companies may benefit from it?

Answer: China is currently experiencing 30 percent annual growth in air traffic. Sustained economic growth is dependent upon an efficient transportation system that can quickly and efficiently transport people and goods. In a country the size of China, the development of a safe and dependable air transport system is critical to her economic future. We can expect U.S. companies to cooperate in promoting the standardization of both civilian and military air traffic control equipment so that the systems can provide for a seamless air traffic control between both civil and military controllers. The FAA will be working with the relevant Chinese agencies on this cooperation, and we will be getting more information out to the U.S. businesses as the FAA engages with the Chinese.

Question: Could you help expedite licenses now stalled in DoD which businesses need approved in order to conduct business in China?

Answer: David Tarbell, our new Defense Technology Security Agency Director, who works for DASD Mitch Wallerstein here, is doing what he can to facilitate requests, provided they comply with existing procedures. I suggest you discuss with Mitch any specific concerns. But I can promise you one thing, I do not want the Department of Defense to be bureaucratically blocking legitimate, non-national security threatening exports.

Question: My company, "XYZ widgets", currently has an application in for approval by DTSA to sell widgets to the Chinese. What is the status of it?

Answer: I am not familiar with the particulars of this case. But Mr. Wallerstein will be happy to look into it if you provide him some details.

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Q4. Is DOD objecting to sales of supercomputers to the Chinese Meteorological Administration (CMA) in Beijing?

o This year, the U.S. Government approved the export of two high-performance computers to CMA for weather forecasting. DOD has no objection to the sale of the two supercomputers currently proposed to upgrade the weather forecasting capabilities of this center, provided that appropriate safeguards are agreed to. We and other relevant departments are currently working to develop such safeguards to allow these sales to go forward in a timely manner.

Q5. Is DOD holding up other proposed dual-use exports to the PRC?

o Defense has been providing its recommendations expeditiously. My staff has not been receiving any complaints about Defense "holding up" any applications, and even for the complicated cases we have been responding within standard timelines [which allow up to four weeks]. [FYI: The cases involving exports of machine tools by McDonnell Douglas, which may have received some media attention, have been resolved. If you are asked specific questions about other cases, we recommend you take them back to look into and answer from Washington.]

Q6. The Clinton Administration has announced that it wants to revamp the entire export control process. What developments can you report?

o Defense played a full part in last year's extensive interagency effort which resulted in an Administration proposal for a new Export Administration Act; and this was conveyed to the Congress early this year. However, the legislators have not managed to cooperate effectively on this issue and we are unlikely to see a new law until next year. The Administration has meanwhile continued to streamline its internal procedures within the current statutory framework.

PLA NDU SPEECH

TIME: 1000, Tuesday, Oct 18

PLACE: PLA NDU

SCENARIO: After a quick welcome by PLA NDU President General Zhu Dunfa (biography next under)—who hosted LTG Cerjan in January and who has been invited to visit our NDU at an early date, SECDEF will be led to the PLA NDU auditorium for his speech. About three hundred PLA officers will be gathered to hear this 20-minute speech—45 minutes including sequential translation (our interpreter will have text, but SECDEF should pause a few sentences at a time to allow him to interpret). A 20-min Q and A period follows. At the end of the speech, if time permits, there will be a rapid tour of the campus. The total time spent here will be 90 minutes.

OUR ISSUES:

SECDEF should tell Zhu that we firmly believe in a close NDU-NDU relationship. LTG Cerjan's visit here and the visit of 5 PLA NDU scholars to attend a regional security conference in the U.S. in September were very useful and help promote mutual understanding on regional and bilateral security issues. General Rokke is looking forward to General Zhu's visit.

SECDEF speech on "Asia-Pacific Security and the Role of U.S.-China Military Relations" can be found next under. It will explain definitively to the PLA top ranking officers our vision of the military relationship and also serve to articulate for our domestic audience the rationale and benefits of such a military relationship.

AUDIENCE ISSUES:

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—Can the secretary explain how reduced budget mesh with new roles for the U.S. military worldwide?

—Does the U.S. believe that the "Soviet threat" is gone forever?

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DEFENSE ISSUES

Vol. 9 No. 81

U.S.-China Cooperation Essential To Pacific Stability

Remarks as delivered by Secretary of Defense William J. Perry to the People's Liberation Army National Defense University, Beijing, China, Oct. 18, 1994.

It is a great honor for me to be here and meet the leadership of the PLA [People's Liberation Army].

The British author Graham Greene once wrote that there always comes a moment in time when a door opens and lets the future in. With the ending of the Cold War a door has opened for the Asia-Pacific region. Together, the nations of this region can work to shape that future to make it prosperous, peaceful and secure.

The Asia-Pacific region today is more peaceful and more stable than at any time in this century. The rivalry of the Cold War has been washed away by a flood tide of democracy and economic progress. And throughout the region there is a sense of increased confidence and optimism about the future.

The seeds of this triumph were actually sown during the Cold War, as Asian nations undertook market reforms and began building strong trade links with their neighbors and the rest of the world. The results have been extraordinary.

The gross domestic product of this region essentially matches that of the United States and Europe combined. Asia now accounts for almost one-third of the gross world product.

This enormous economic growth now makes the prosperity of Asia essential to the economic health of the world. And good economic relations require healthy political ties. Consequently, leaders around the globe are placing increased importance on their relations with the nations of this region. President [Bill] Clinton has done so, including convening the first-ever meeting of

leaders of the region last November in Seattle, at which time he met President Jiang Zemin.

The challenge facing us today is to ensure that this region's stability and prosperity are strengthened for future generations. The United States and China share a special responsibility for making this happen. That's why I'm here today.

I want to talk to you this morning about the reasons why our security relationship is so important and about some of the most important challenges that we face. And I want to talk about the importance of building ties between our two militaries.

Shared Responsibility

There are four principal reasons why the United States and China share a special responsibility to secure the present and future stability of the West Pacific.

The first is strategic. The size of our countries and their populations, our vast natural resources and the creative spirits of our people combine to make the United States and China key players in the Asia-Pacific region, with China at one end of the Pacific and the United States at the other. Together we play a defining role in every aspect of the region's economy and security. This is not an idle boast, and I do not want to downplay the contributions of other nations in the region. But history shows that when the United States and China enjoy positive, stable relations, the entire region benefits.

The second reason why our nations have a special obligation to get along is that we have many

overlapping interests. Both the United States and China regard economic progress and the economic well-being of our people as a vital national priority. And economic progress requires, above all, stability and peace. Fortunately the economic strengths of our countries complement each other, and the forces favoring cooperation between us are growing stronger all the time.

The third reason our relationship is so important is the danger posed by proliferation of weapons of mass destruction and their delivery systems. China and the United States are two of a handful of nations capable of producing both. Early this month our two governments signed important agreements to control missile transfers and fissile material production. This was an important step, but more needs to be done to promote global security by limiting weapons of terror and mass destruction.

Restraint by China in transferring these technologies, in concert with the United States and other major powers, is vital to the success of current global nonproliferation regimes. Indeed, without the full participation of both China and the United States no effort against proliferation can be successful.

Fourth, because China and the United States play such key roles in Asia, our cooperation is essential to solving the major threats to regional stability.

This won't be easy. The Cold War world was one of great danger, but it was also rigid and somewhat stable. The thaw that came with the end of the Cold War alleviated one

America's security alliances and military presence in Northeast Asia, I believe, are key components of the region's stability.

of the greatest dangers — that of a nuclear world war. But the new world is more complex and still dangerous. Right now Asia faces many challenges and threats to its stability, challenges and threats that require Chinese-American cooperation. This morning I want to focus on four of those challenges.

The most serious challenge is on the Korean Peninsula. There are both nuclear and political dimensions to this challenge.

Let me consider first the nuclear dimension. If North Korea produces nuclear weapons, the peace and security of Northeast Asia will be threatened and the worldwide effort to control weapons of mass destruction will be dealt a heavy blow. I have discussed this with Minister of National Defense Chi, and I believe that we have a common view on this issue. North Korea must honor its commitment to the Nonproliferation Treaty and to its agreement with South Korea for a denuclearized Korean Peninsula.

Ending Nuclear Threat

Both the United States and China support a nuclear-free Korean peninsula. Right now we are deeply engaged in discussions and dialogue with North Korea. Just this morning I have heard that the negotiations in Geneva have produced an agreement. I am hopeful that this agreement will result in the ending of the nuclear threat from North Korea. All during these negotiations we have consulted very closely with your government, which has been very helpful.

The second dimension of the challenge is finding ways to reduce the overall tensions on the peninsula that have plagued the Korean people and their neighbors for half a century.

We are deeply interested in the long-term future of the Korean peninsula and its contribution to peace and stability in the region. And we want to work with China to

ensure that peace and stability. But only the Korean people themselves can address the root causes of the tensions between them. That is why it is so important for the North and South to revive their dialogue and work toward removing military confrontation and increasing economic and human ties.

Reducing tensions in Northeast Asia also depends on other outside factors. America's security alliances and military presence in Northeast Asia, I believe, are key components of the region's stability. A keystone to security in Asia is the firm fabric of strategic ties and the military alliance between the United States and Japan. The people and the governments of Japan and the United States are committed to maintaining and strengthening the alliance to deal with the challenges of the post-Cold War world. I believe that this alliance is a force for stability.

The American and South Korean security alliance is also an important force for regional peace and stability. The United States will maintain a ground and air military presence on the peninsula for as long as the Republic of Korea and the Korean people feel that it meets their security interests.

The second challenge to regional security in Asia lies in South Asia.

We are on the brink of a nuclear weapons race on the subcontinent, where relations between India and Pakistan have been tense for years. India and Pakistan have the right to a strong defense, but the combination of nuclear weapons and enduring tension could prove catastrophic to both countries, indeed to the entire region. As in the case with Korea, China has a huge stake in this issue since it involves nations on its border.

With so much at stake it is essential that countries with influence in South Asia try to stop the potential arms race before it gathers momentum. The recent progress between the United States and

China on missile technology and fissile material is a very positive step in that direction. But we must do more if we are to prevent a South Asian nuclear arms race.

A third challenge we face lies in the South China Sea. This situation has been a source of tension for years, and it creates anxiety about the future. If disputed territorial claims to the Spratly Islands erupt into conflict, it could be a devastating blow to regional stability and threaten sea lines of communication vital to the United States and to other countries of the world.

Long-Term Solution

Inflammatory statements and military deployments help keep tensions high. They also prevent the development of natural resources which might help reduce tensions. That's why I'm encouraged by the stated desire of China and Vietnam to avoid conflict. I am also encouraged by the Indonesian-led efforts to find a long-term solution to disputed territorial claims involving other nations. What is needed are permanent and peaceful solutions to these problems.

The fourth regional security issue is Taiwan. Over the past 22 years, six American administrations have demonstrated America's commitment to abiding by the terms of the Taiwan Relations Act and the Three Communiqués between China and the United States. Responsibility for resolving differences lies with Chinese on both sides of the Taiwan Straits. The overriding United States interest is that the resolution be peaceful and not threaten regional security. Not long ago relations across the straits reflected fierce hostility between the two sides. But today economic and cultural relations are robust and are growing stronger every day.

More significantly, political contacts appear to be developing at a pace that both sides are comfortable with. We welcome any progress that the two sides can agree on. Overall, military tension has been reduced, and the situation is far less volatile.

This is a promising trend accomplished by the two sides, and we believe that our policies contributed to these positive developments. These policies include strict adher-

ence to the agreements between China and the United States and include the maintenance of unofficial relations with Taiwan. This will not change.

None of the challenges to Asian stability and security can be fully met without cooperation between the United States and China. Each of us has a particular kind of influence, and each of us must use this influence appropriately. Maintaining regional stability is our cooperative task. It is also the strategic basis for our relationship.

An important component of a healthy political relationship between our two countries is military-to-military ties. By building trust these ties contribute to our ability to solve regional problems.

Building Trust

One way that military ties build trust is by helping both sides understand each other's defense policies and strategic intentions. Both of our countries need to do better in this area. And indeed that is a major purpose for my visit here today.

China is a large country with a proud, independent spirit. Your capabilities in all areas, including military areas, are growing every day. This growth, particularly in the military area, creates much speculation in Washington and in capitals throughout Asia.

We welcome your assurances about the focus of your defense budget and the peaceful, defensive orientation of your modernization program. Nevertheless, it would be helpful if your defense budget and strategic planning were more open and visible to the outside world. This would contribute to stability in the Asia-Pacific region. We have nothing to fear from a better

Of course, we understand that this is a two-way street. And we want you to know about United States military planning as well. I know that some in China believe that the United States regards China as a threat or at least a future threat. As secretary of defense of the United States, I can assure you that

None of the challenges to Asian stability and security can be fully met without cooperation between the United States and China.

those who make these arguments do not understand American defense policy. The fact that some people believe them just highlights the need for greater openness and understanding.

For all of these reasons I'm pleased that in the past year we've begun rebuilding ties between our militaries. Just last August your deputy chief of the general staff, Gen. Xu Huizi, visited the United States. We were able to talk very frankly and productively about each other's concerns. I am convinced that our two militaries are working toward the same goals of mutual understanding, peace and stability.

We want to build military-to-military ties with China that will endure long into the future. Doing this means building a consensus and a strong foundation of domestic support in the United States. No military relationship can grow in a vacuum, and it cannot survive without a healthy political relationship.

I must tell you that the idea of U.S.-China military-to-military ties has its critics in the United States, in the capitals of our allies and, I'm sure, in China as well. That's why we must proceed cautiously and within a framework of overall progress in our relations, including difficult issues such as nonproliferation and human rights. But we must proceed.

I envision a relationship that is rests on a solid foundation of officers — like yourselves — who will lead the armed forces into the 21st century. I can assure you that your American counterparts, who also proudly wear their country's uniform, share this vision.

In the past 200 years the United States and China have met under

various circumstances and for various purposes. At times we have opposed each other. At other times we've been drawn together by common interests.

From the outset of his administration, President Clinton decided that our countries needed to follow the path of cooperation instead of confrontation. That is why he launched a policy of comprehensive engagement, including a resumption of the military ties which I am discussing today. And that is why he renewed most-favored-nation trading status for China, to pave the way for expanding our ties. I have strongly supported these policies.

Now the challenge is to use our expanded ties for our mutual advantage and for the benefit of people around the world.

China is a great nation. China's influence reaches every corner of Asia and, increasingly, the world. Your future is important to us and to all of the Asia-Pacific region. Indeed, it is important to the world.

In the Chinese classic *The Art of War* by Sun Tzu there is some good advice about how to maintain peace. It says, "Always remember danger when you are secure and remember chaos in times of order, watch out for danger and chaos while they are still formless and prevent them before they happen."

I hope my trip to China helps both of our nations use the security

ship to prevent dangers and to build a lasting peace for the future.

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"QUIET LUNCH" WITH VFM LIU HUAQIU

TIME: 1200, Tuesday, Oct 18

PLACE: Diaoyutai State Guesthouse

SCENARIO: [

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OUR ISSUES:

VFM Liu wants this to be a social lunch, but SECDEF could brief him on the following:

1. Highlights of the trip thus far—MND meeting, Defense Conversion, NDU Speech, Liu Huaqing meeting.

2. []

3. Tell VFM Liu we want military relationship to move forward, but we must improve the bilateral relationship.

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5. Discuss North Korea nuclear problem and Gulf problem with VFM Liu Huaqiu.

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CALL ON PREMIER LI PENG

TIME: , Tuesday, Oct 18

PLACE: Zhongnanhai

SCENARIO: SECDEF and selected party will call on Premier Li Peng []
[] at Zhongnanhai, the Chinese leadership compound. []

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PRESS CONFERENCE

TIME: 1750, Tuesday, Oct 18

PLACE: Diaoyutai State Guesthouse

SCENARIO: This is a half-hour press conference to be attended by the international and U.S. press. SECDEF should give a very brief statement for a few minutes and then answer questions posed by the assembled reporters.

OUR ISSUES:

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STATEMENT FOR PRESS CONFERENCE

Good evening ladies and gentlemen. I'd like to give you some brief comments on my meetings in Beijing this week and then take some questions. I came to China this week at the invitation of the Minister of National Defense. The primary purpose of this trip has been to continue the high-level dialogue that the Department of Defense and the Ministry of National Defense currently have underway. This important dialogue was revived last November with Assistant Secretary Chas Freeman's trip to China, and we have already had substantial talks on many important regional and bilateral issues. I must stress that this dialogue is of great benefit to both of our countries, and it has gradually increased our mutual trust and understanding.

My goals for this week have been to have frank conversations with my Chinese hosts on specific regional security issues, and also to discuss openly issues and problems in our bilateral relationship. I can say that all of my meetings thus far have gone very well. I met with my counterpart, Minister of National Defense Chi Haotian, and with GEN Liu Huaqing, the vice-chairman of the Central Military Commission. I also called on Vice-Premier Qian Qichen and Premier Li Peng. Tomorrow, I will fly to Wuhan where President Jiang has graciously agreed to see me. I also convened the joint defense conversion commission with Minister Ding Henggao of COSTIND. He and I agreed on the goals of this civilian cooperation. I understand we have already passed out a press release on the results of that meeting.

I had the opportunity in all of my meetings to talk openly about many issues with the senior PLA and government leaders. We discussed problems such as human rights. We discussed military issues such as both of our country's defense planning and re-structuring. We discussed the ongoing and very difficult North Korean nuclear negotiations. And we continued the discussion about the serious problem of proliferation of weapons of mass-destruction. Finally we discussed our goals for future military dialogue.

May I take any questions, please.

SECRETARY WILLIAM J. PERRY

PRESS CONFERENCE Q&A

18 October 1994

Q: *Why did you accept the invitation to visit to China?*

A: I am visiting China to exchange views with the Chinese military and government leaders on regional and bilateral security issues, as well as other bilateral issues such as human rights. I also came to Beijing to convene, with the Chinese, the first meeting of the U.S.-China Defense Conversion Commission and participate in a WWII commemorative event in Chongqing. There is no crisis here, but through better relations and better security dialogue, our two countries can prevent and address crisis. This visit is part of that important process of building mutual understanding.

Q: *What did you achieve on this trip to China?*

A: I accomplished several things. First, I had very productive face-to-face meetings with senior PLA leaders and had a frank exchange of views on bilateral and regional security issues. Second, I discussed with the Chinese ways to move forward the military relationship and the military dialogue. Third, I convened, with the Chinese, the U.S.-China defense conversion commission and identified steps to begin this cooperation. Fourth, I achieved a better understanding of Chinese defense strategy and plans, which aids our ultimate goal of mutual trust and understanding.

Q: *Why are you visiting China when there has been so little progress made by the Chinese on human rights?*

A: The President has decided that it is in the United States' interest to have a sound relationship with China which calls for contacts across a broad spectrum. That includes contacts and dialogue with the Chinese military leaders. Our many bilateral and regional security concerns cannot be resolved without direct dialogue with the People's Liberation Army. That dialogue always includes also our urging China to adopt more liberal human rights practices. Therefore, high level military dialogue help the cause of human rights.

I discussed this issue with every Chinese leader that I met. I might add that Secretary Brown was also clear and firm in presenting our human rights concerns to the most senior Chinese leaders, and he succeeded in obtaining Chinese agreement to resume the human rights dialogue with the United States.

Q: *Why do think that the U.S. needs a military relationship with China?*

A: We need this relationship in order to rebuild mutual understanding and trust, so that the two defense establishments can help improve the bilateral relationship in addition to contributing to peace and stability in the world. Our global security posture would be much improved if we had Chinese assistance on many issues. Many of the world's security problems cannot be solved without Chinese cooperation, and the PLA plays a large role in many of these internal policy deliberations in Beijing.

Also, many bilateral problems cannot be resolved without the PLA voting for a more forthcoming Chinese policy. China is also modernizing its military, and dialogue with the military leaders would help us understand its strategy and help us convey our concerns if we are troubled by any development.

And finally, professional exchanges with the PLA help move the PLA to a more constructive role should there be a succession crisis in China. Therefore, it was determined in November 1993 that we should revive our military relationship with China. We must stress that a military relationship is not doing the Chinese a favor, but is in our mutual interest. No arms sales or military technology transfer is planned.

Q: *Has your trip to China helped resolve any proliferation problems?*

A: We have always considered the issue of missile proliferation a very serious bilateral problem. As you know, an agreement was recently signed in Washington by Secretary Christopher and Vice-Premier Qian Qichen. This agreement lifts Category II sanctions in exchange for adherence to MTCR guidelines on missile proliferation. There was also another agreement reached to provide for a future bilateral treaty to ban the production of fissile material for nuclear weapons.

I have addressed our concerns over proliferation very frankly with all of the Chinese leaders that I met, emphasizing how important the issue is to both of our countries and to the bilateral relationship.

Q: *What initiatives did you propose to the Chinese military?*

A: I discussed with the Chinese how to improve mutual understanding and trust between our militaries. Therefore, I explored some possible next steps in the military relationship with the PLA. [

] I can tell you that no arms sales or military technology transfer was proposed or considered.

Q: *What did you accomplish at the meeting of the joint defense conversion commission?*

A: I met with the co-chairman of the commission, Minister Ding Henggao of the Commission of Science, Technology, and Industry for National Defense. In this first meeting of the commission, we discussed the principles of this commission and the types of cooperation which the commission will consider pursuing. Our hope is to facilitate cooperation between Chinese defense enterprises with U.S. businesses in civilian production. We agreed on several areas of joint cooperation, including Air Traffic Control, non-polluting electric cars and an exchange of defense industry conversion managers. I must stress that this is not a military technology cooperation program.

Q: Can you tell us more about the air traffic control cooperation?

A: China, with 30% annual growth in air traffic, faces issues similar to those the U.S. encountered during its high aviation growth period. We hope to increase coordination between the civil and military air traffic authorities and increase the use of air space for civil purposes, where appropriate. For example, an area of possible cooperation is to promote the standardization of civilian and military air traffic control equipment, so that there is seamless air traffic control between civilian and military controllers.

Q: Why are we talking defense conversion with China when we know that China wants to use this commission for technology transfer purposes and to supplement its defense budget through production of civilian goods?

A: First, all technology transfer decisions related to the joint commission will be made through normal export-control channels, using normal procedures. There is no intention of bypassing existing tech transfer constraints.

Secondly, encouraging defense conversion is in the interest of promoting peace. We will study carefully the types of facilities and the kinds of projects in any cooperation. While we do not oppose a legitimate defense budget by China, we will be watching to see if any gains—monetary or technical—from our defense conversion cooperation will be used in ways that are counter to U.S. interests.

Q: Why are you going to participate in WWII commemorative activities in China when we fought with the nationalist government not the communists?

A: In China during WWII, Americans fought alongside the Chinese people irrespective of their political persuasions. I will participate in one WWII commemoration event in China in Chongqing at the Stilwell Institute. The commemoration will be for the cooperation between the Chinese and

American people in WWII as part of the year-round world-wide WWII commemoration activities.

RETURN DINNER HOSTED BY SECDEF

TIME: 1845, Tuesday, Oct 18

PLACE: Shangri-la Hotel

SCENARIO: SECDEF and entire party will participate in the dinner. SECDEF and Mrs Perry will lead Minister Chi and his wife to a side room first, before entering the dining room after 10 minutes of cordial greeting. This will be a western dinner. Soon after being seated, an informal toast should be given by SECDEF standing by his chair. Then Minister Chi will reciprocate with his informal toast. The dinner should not last more than two hours.

OUR ISSUES:

SECDEF could review for Minister Chi what he considers as highlights of the trip, although there is another farewell call by Minister Chi the next morning (that call will be short and non-substantive). SECDEF could tell Chi how he is looking forward to seeing President Jiang Zemin in Wuhan tomorrow. If there are unresolved substantive issues, this may be the last opportunity which SECDEF has to drive home the points. If visit has gone well thus far, this should be a very friendly--and even boisterous--dinner.

PRC ISSUES:

Minister Chi will likely not raise any substantive issues at this social occasion. He may provide an answer to SECDEF on the ship visit issue if that was proposed by SECDEF.

FAREWELL CALL BY MINISTER CHI

TIME: 0715, Wednesday, Oct 19

PLACE: Diaoyutai State Guesthouse

SCENARIO: Minister Chi and his wife will come to the villa to the sitting room to pay a farewell call on Dr. and Mrs. Perry. The meeting is not expected to be substantive, so SECDEF should simply review what he believes are the accomplishments of the trip to Chi. After 15 minutes, this meeting will end, and SECDEF will need to depart for Nanyuan airport to fly to Wuhan to meet President Jiang Zemin.

(This farewell call will not occur if MND Chi ends up escorting SECDEF to Wuhan.)

~~OUR ISSUES:~~

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PRC ISSUES:

Minister Chi will likely not raise any substantive issues at this occasion.

SECRET

CALL ON PRESIDENT JIANG ZEMIN

TIME: 1100, Wednesday, Oct 19

PLACE: Wuhan

SCENARIO: Enroute to Chongqing, SECDEF and selected party will stop in Wuhan and call on President Jiang Zemin here he is traveling. Jiang is also the chairman of the Central Military Commission, []

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OUR ISSUES:

SECDEF can make the following points:

1. Express **thanks** to President Jiang for seeing SECDEF in the middle of a busy schedule.
2. Thank Jiang for China's assistance on **recovering the remains** of two U.S. flyers in Tibet, and tell him you are going to Chongqing to honor Stilwell later.
3. Articulate for Jiang your view on the **importance of the military relationship**.
4. Review for Jiang what SECDEF considers as **highlights of the visit** in Beijing.

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SECRET

LUNCH IN WUHAN

TIME: 1200, Wednesday, Oct 19

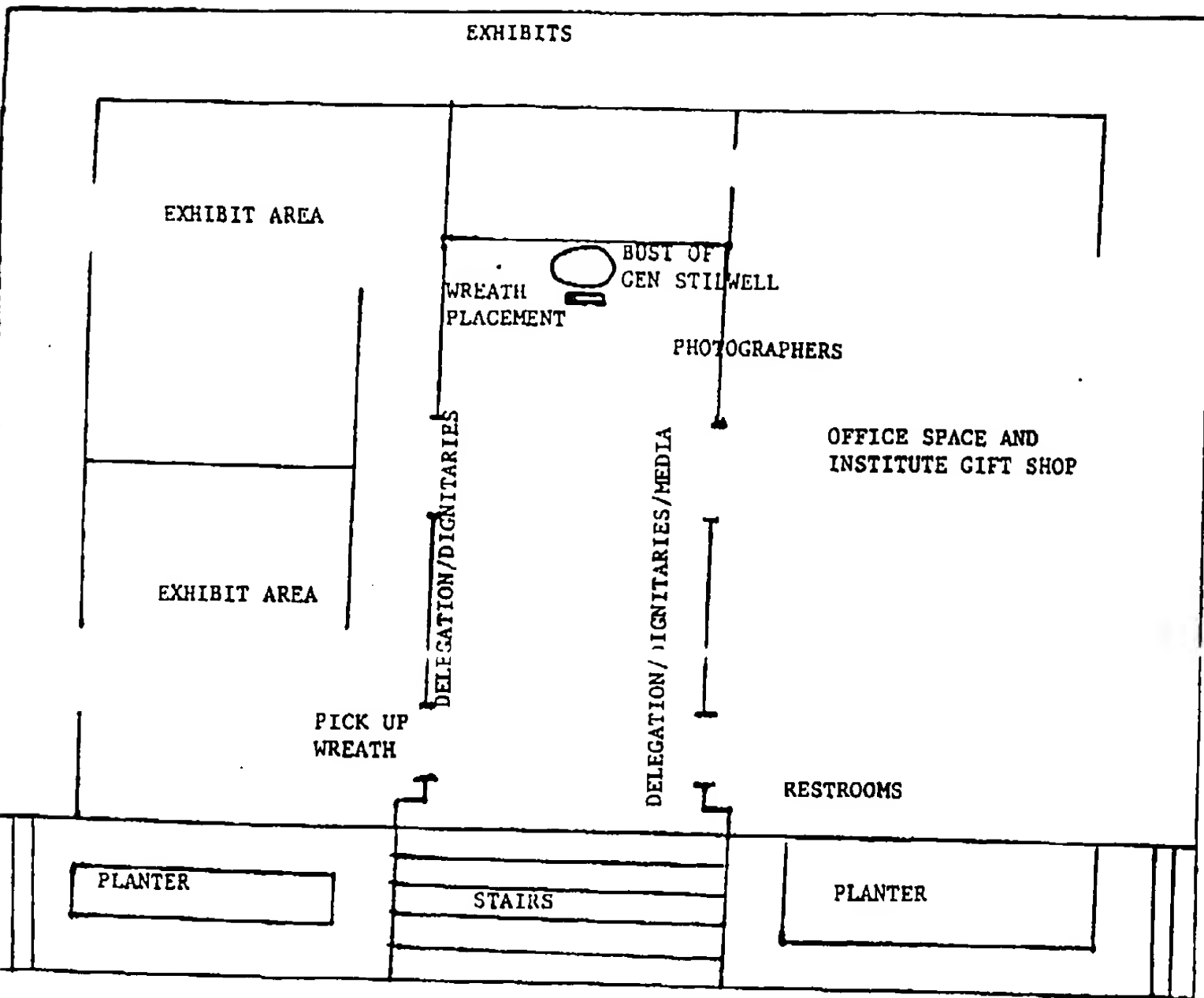
PLACE: Wuhan

SCENARIO: SECDEF and entire party will participate in this farewell lunch hosted by General Li Xilin, Commander of the Guangzhou Military Region.

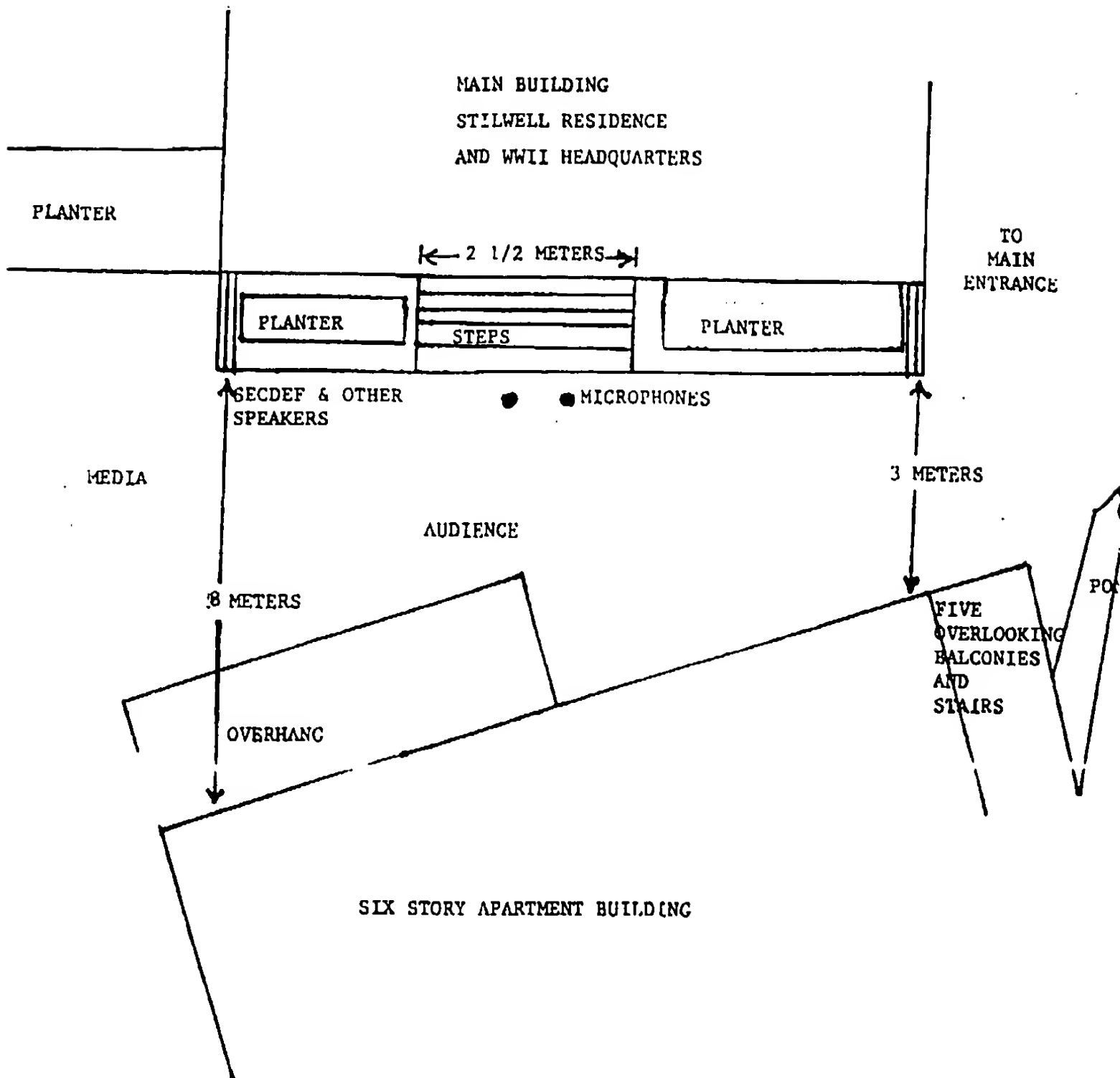
This lunch will be after the meeting with President Jiang. PLA DCGS General Xu Huizi may be present since we understand he is traveling with the President. The Guangzhou MR Commander, General Li Xilin, and his wife Madame Gao ("GOW") will come up from Guangzhou especially to host SECDEF and his party.

WREATH LAYING CEREMONY

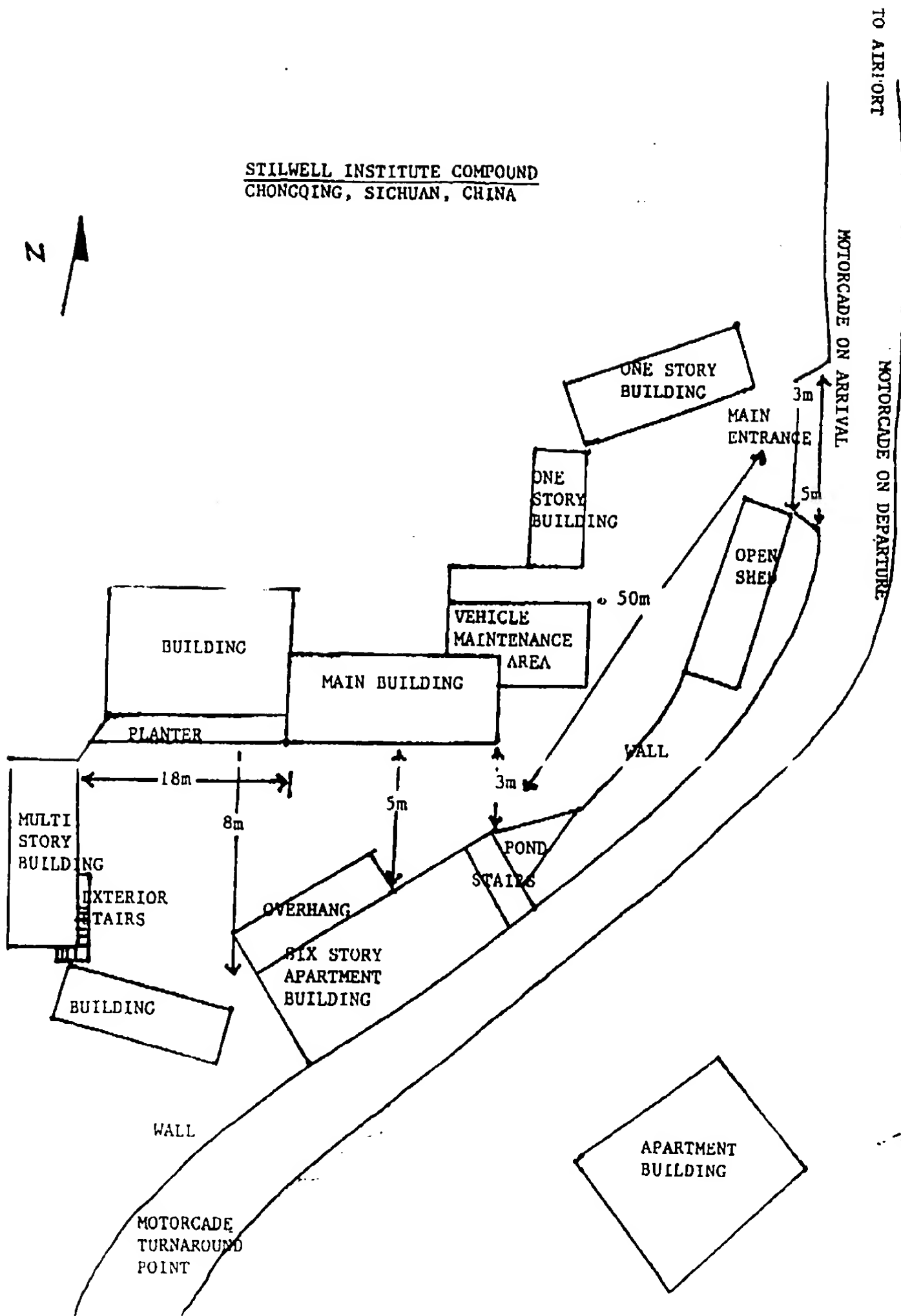
INTERIOR LAYOUT OF STILWELL INSTITUTE



WORLD WAR II COMMEMORATION CEREMONY VENUE



STILWELL INSTITUTE COMPOUND
CHONGQING, SICHUAN, CHINA



SECDEF Procedures and Activities at the Stilwell Institute

On 19 October 1994, the Secretary, Mrs Perry, and his delegation will arrive at the Stilwell Institute in Chongqing (CQ), Sichuan Province, China. The activities are as follows:

1615 Motorcade from airport (40 minute trip) arrives at main entrance to Stilwell Institute. SECDEF and Mrs Perry disembark and begin to walk to the main building of the Institute (50 meters). SECDEF will stand to the left side of the steps facing away from the main building as the remainder of the delegation, PLA leaders, and local dignitaries arrive from the motorcade. Mrs Perry will stand facing the main building and the SECDEF in the front row of the audience. SECDEF will be joined in front of the building by the city mayor, party secretary, SEN Stevens, CONGEN Donald Camp and Mrs Nancy Stilwell Easterbrook. Two microphones will be set up in front of the steps.

1620 WWII Commemorative Ceremony opened by Liu Zhizhong, Mayor of CQ (5 min w/translation).

1625 SECDEF remarks (10 min w/translation).

1635 SEN Stevens presents a plaque composed of parts gathered from a WWII "Hump" crash site in Tibet to CQ Party Sec (5 min).

1638 CONGEN Chengdu, Donald Camp presents his father-in-law's "Hump" jacket to CQ Party Sec representing the Institute (2 min).

1640 Remarks by Mrs Easterbrook (4 min w/translation).

1645 Closing remarks by the Sun Tongchuan, Party Sec of CQ (4 min w/translation). Microphones moved to the side.

1650 SECDEF walks up five steps and enters the Institute and waits just inside the door to the left while the audience/media enters. Assisted by one U.S. and one PLA officer, SECDEF picks up the wreath, proceeds forward, and lays the wreath in front of the bust of GEN Stilwell. Wreath will say, "In Honor of General Stilwell and Sino-American Cooperation During World War II."

1655 Escorted by Mrs Easterbrook, the SECDEF, Mrs Perry, the delegation, and local dignitaries will then view the photographs and memorabilia in the Institute.

1700 The delegation members walk back to the main entrance and board their vehicles.

1705 SECDEF and Mrs Perry begin walk back to the motorcade.

1710 Motorcade departs for the airport after SECDEF and Mrs Perry enter their vehicle.

NOTE: In case of inclement weather the presentations and speeches will occur in front of the bust of GEN Stilwell. For the wreath laying the SECDEF will walk back to the main entrance, pick up the wreath, then walk back and place the wreath in front of the bust. The delegation members, dignitaries, media, and others will line the entry hall or be in the exhibit halls.

WWII CEREMONY IN CHONGQING

TIME: 1620, Wednesday, Oct 19

PLACE: Stilwell Institute

SCENARIO: In Chongqing ("Chung-ching"), SECDEF and entire party will participate in a ceremony honoring General Joseph P. Stilwell, U.S. Commanding General in the China Theater during World War II. The ceremony takes place at the Stilwell Institute which was the office and residence for General Stilwell during the war. SECDEF will be driven here (one-hour drive) from the Chongqing airport upon arrival, escorted by the Chengdu Military Region Commander, General Li Jiulong (biography follows), who is one of the top PLA generals. After the 50-minute visit to the Institute is over, SECDEF returns to the airport to depart for Manila on the SECDEF aircraft which will have been pre-positioned. The procedures for the ceremony can be found in the following page.

OUR ISSUES:

We do not see MR Commanders very often, so SECDEF, if there is an opportunity to do so, should brief General Li on the three-day visit thus far. General Li has Tibet in his AOR, so SECDEF should thank General for the assistance his people provided in locating and helping recover the remains from a glacier in Tibet in September. The Chinese cooperated to the fullest in that recovery.

At the Stilwell Institute ceremony, SECDEF will emphasize cooperation between Chinese and American peoples in his speech (next under).

PLA ISSUES:

General Li will have no agenda, other than providing a warm welcome to SECDEF to his military region.

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DECL: OADR

CTBT
Talking Points

- o The U.S. believes the CTBT is vital to our efforts to constrain the proliferation of nuclear weapons and further development of nuclear weapons.
- o The world is watching the nuclear powers carefully to gauge our commitment to a CTBT. Although we made good progress in the past year, much more remains to be done. That is why the U.S. calls on all nations participating in CTBT negotiations to redouble their efforts.
- o We deeply regret that China conducted a nuclear weapon test on October 7.
- o We urge China to consider further the changed circumstances of global security affecting the role of nuclear weapons, and join the other nuclear powers in
 ring a moratorium on further nuclear tests.

CONFIDENTIAL

TRIP TO ASIA--OCTOBER 16-22, 1994

I. Introduction--

From October 16 to 22, 1994, I traveled to Asia after completing a visit to the Middle East. I spent October 16-19 in China, then I went for one day to Leyte to participate in a WWII commemoration activity, then I spent one day each in Seoul and Tokyo. The Philippines stop, although I saw President Ramos, was largely non-substantive, but I want to give you more detailed descriptions of the very important stops in China, Korea, and Japan.

II. China--

I was the first Secretary of Defense to visit China since former Secretary Frank Carlucci visited China in the fall of 1988. The Tiananmen incident of June 1989 had halted our robust military relationship with China, and it was only last November that we revived high level military dialogue.

I met with the President, the Premier, the Vice-chairman of the Central Military Commission, the Minister of Defense, the Foreign Minister, and the Minister of the Commission on Science, Technology and Industry for National Defense. I went to China with the following objectives in mind:

- a. To discuss regional security issues--including North Korea--with China
- b. ☒ ☐
- c. To discuss Chinese nuclear testing
- d. To discuss the human rights problem
- e. To discuss defense strategy and planning--i.e., transparency--with the PLA
- f. To discuss defense conversion cooperation by convening a joint commission

Before I go into detail on my assessment of my accomplishments in each of the objective areas above, let me make very clear what I was not in China to do-- I was not in China to discuss arms sales or military technology transfer. And I was not in China to discuss lifting of the Tiananmen sanctions which are still in place.

I was in China just when the North Korea nuclear problem framework agreement was initialed in Geneva. I found the Chinese position very similar to ours--that there should be a denuclearized and peaceful Korean peninsula, and that a Geneva agreement which includes calling for North-South dialogue should be supported. China cautioned that the implementation of the framework agreement is going to be a long and difficult road, but it volunteered to be helpful if needed.

On the proliferation issue, I was heartened to hear the Chinese commitment in principle to global non-proliferation, and the Chinese told me they wish to make foreign exchange via the commercial civilian market rather than through arms sales. We discussed some specific problems, but overall, China's willingness to pursue a dialogue with us on MTCR guidelines and parameters and China's signing of a missile agreement with us earlier in October are encouraging signs.

I tried to press the Chinese on an early stoppage of nuclear testing. It is clear, however, that there is deep belief in China that for technical reasons, it must continue a few more tests. I did obtain a clear commitment from China that it will sign the Comprehensive Test Ban Treaty in 1996, and I left feeling that perhaps there is room to get the Chinese to stop testing before 1996. We will need to pursue this further.

I had an extended human rights discussion with all Chinese officials I met. I was not there to negotiate, and I did not detect any movement in Chinese positions. However, I consider it an advancement when I was able to discuss at length with the PLA leaders our concerns on human rights and how the lack of resolution of this problem will bound our ability to expand the military relationship. I got the clear indication they understood very well that human rights is a part of our foreign policy, and that movement on this issue is essential if we are to improve our military relationship.

I am somewhat encouraged by the Chinese willingness to enter into an exchange of briefings with us on each other's defense strategy and planning. This is after I explained to China that as a large power with a modernizing military, its neighbors' nervousness can only be dispelled with more transparency in China's defense planning. This initiative, by the way, was welcomed in my subsequent stops in Seoul and Tokyo. How forthcoming the PLA will be remains to be seen, but I intend to kick off this exchange by sending a high level briefing team to China in November.

On defense conversion cooperation, we are beginning modestly. I agreed with my Chinese co-chairman of the Joint Defense Conversion Commission to work to convert China's military-controlled air traffic control system to civilian control. The Federal Aviation Administration will lead the U.S. effort, and if the Chinese integrate their military-to-civil conversion in this area, there would be benefits for U.S. companies hoping to enter into cooperation on air traffic control equipment with China. I want to stress that this commission will engage only in civilian cooperation. There is no intention to go down a "slippery slope" to military technology transfer, and all export license decisions will be made using the normal channel.

The Chinese warmly received me and clearly were interested in developing our military relationship further. I agree with my PLA hosts that a good military relationship increases mutual understanding and trust and could help us resolve bilateral and multilateral security issues. The size of China, the military which is going to modernize in any case, the effect it has on not only its Asian neighbors but outcomes in other world problem areas, and the key policy role the PLA plays in China all make it prudent for us to engage in a relationship with the PLA. I believe that on this trip, I was able to make modest progress in moving the military relationship forward, and I was able to articulate to the PLA leadership our concerns in both bilateral and regional security problems. We will continue to be cautious about the military relationship, but I left China feeling optimistic about the future.